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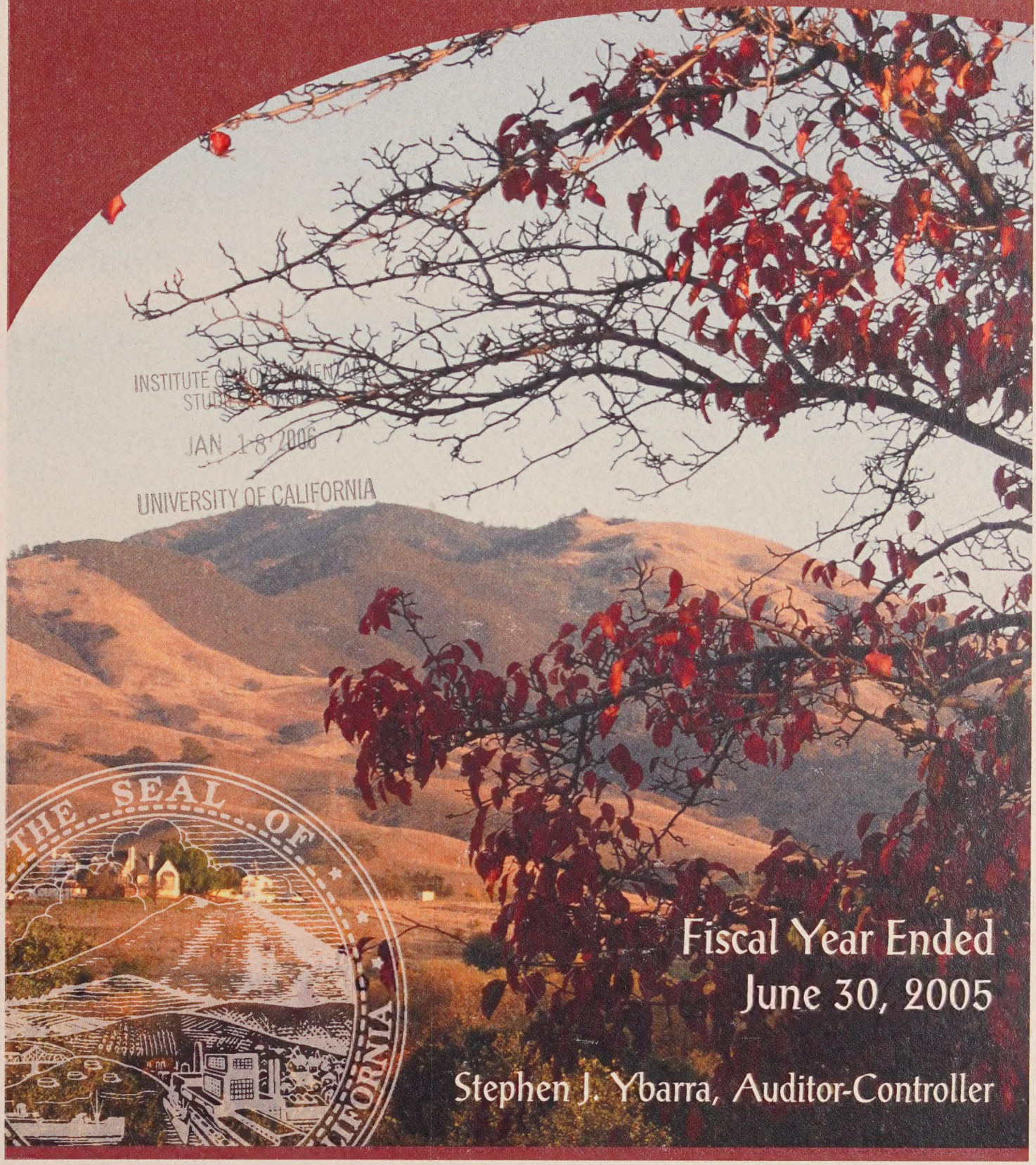
County of Contra Costa, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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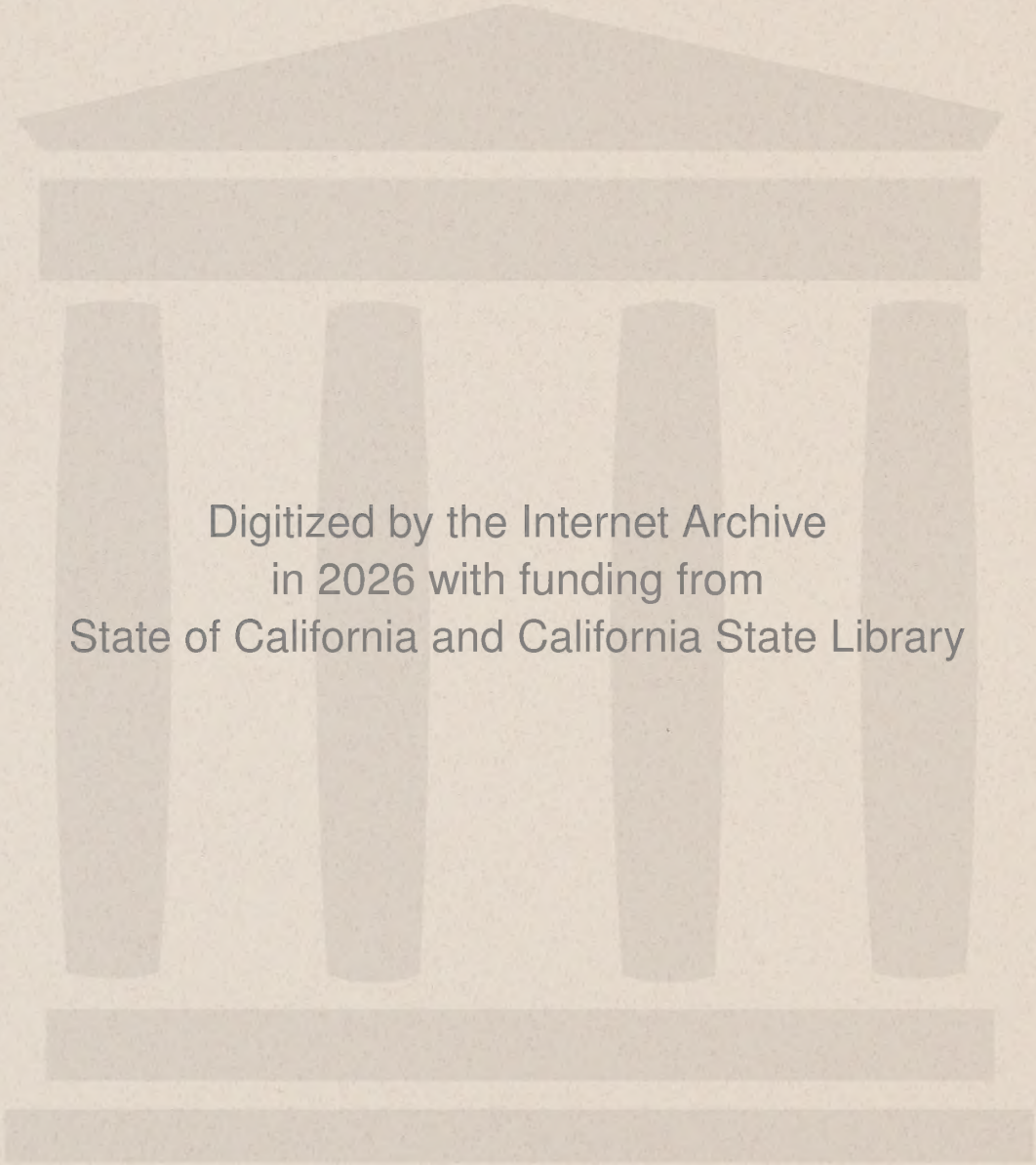
Fiscal Year Ended
June 30, 2005

Stephen J. Ybarra, Auditor-Controller



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County of Contra Costa, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2005

Stephen J. Ybarra, Auditor-Controller

COUNTY OF CONTRA COSTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

INTRODUCTORY SECTION

Contra Costa County

Office of
COUNTY AUDITOR-CONTROLLER

625 Court Street
Martinez, California 94553-1282
Telephone (925) 646-2181
Fax (925) 646-2649

Stephen J. Ybarra
Auditor-Controller

Elizabeth A. Verigin
Assistant Auditor-Controller

December 1, 2005

Members of the Board of Supervisors and Citizens of Contra Costa County:

The Comprehensive Annual Financial Report (CAFR) of the County of Contra Costa for fiscal year 2004-2005 is presented in compliance with the California Government Code Sections 25250 and 25253. The Office of the County Auditor-Controller, which is responsible for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, prepared this report. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the county and its various funds and includes all disclosures necessary to enable the reader to gain maximum understanding of the county's financial affairs.

Management of Contra Costa County is responsible for establishing and maintaining a comprehensive system of internal controls to ensure that the assets of the county are protected from loss, theft, or misuse, and that accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that those objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

For over 60 years the policy of the county has been to require an annual audit of the financial statements of the county by independent, licensed certified public accountants. The Board of Supervisors selected the firm of Caporicci & Larson, Certified Public Accountants, to perform the fiscal year 2004-2005 audit. The independent auditor concluded that the county's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of the CAFR.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all of its financial transactions. The accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to

accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which is located after the independent auditor's report. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it.

The CAFR is organized into three sections:

- *The Introductory Section* is intended to familiarize the reader with the organizational structure of the county and provide information useful in assessing the economic condition. It also provides indicators of the quality of the government financial management and acknowledges those who have made a significant contribution to the preparation of the CAFR.
- *The Financial Section* includes the independent auditor's report on the basic financial statements, MD&A, audited basic financial statements, note disclosures and supporting statements, and schedules necessary to provide readers with a comprehensive understanding of the county's financial activities of the past fiscal year.
- *The Statistical Section* contains comprehensive statistical data for the county relating to its physical, economic, social and political characteristics.

The following highlights some basic information about Contra Costa County, the local economy, the county's economic condition, and the county's awards and accomplishments.

PROFILE OF THE GOVERNMENT

Contra Costa County was incorporated in 1850 as one of the original 27 counties of the state. It is one of nine counties in the San Francisco-Oakland Bay Area. The county covers about 733 square miles; the western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial, and light industrial.

The county has a general law form of government. A five member Board of Supervisors, each elected to four-year terms, serves as the legislative body. A County Administrative Officer is appointed by the Board and runs the day-to-day business.

The county provides the full-range of services contemplated by statute. These services include public protection, highways and streets, sanitation, health and social services, planning and zoning, and general administrative services.

The county reporting entity includes all the financial balances and activities of the primary government as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable or other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would make the enclosed financial statements misleading or incomplete. For further information on these component units see Note 1.A in the "Notes to the Basic Financial Statements" in this report.

The reporting entity excludes certain separate legal entities which may have "Contra Costa" in their title, or which are required to keep their funds in the County Treasury, or receive their tax apportionment from the county. Examples are school districts, the community college district, cities, city redevelopment agencies, the Bay Area Rapid Transit District, the Metropolitan Transportation Commission, and a variety of special purpose districts for cemeteries, mosquito abatement, recreation and parks, etc. Those entities are autonomous organizations that handle their own fiscal affairs and for which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying government-wide financial statements. However, their assets, principally cash and investments which are held by the County Treasurer, are reported in the fiduciary fund statements as the Investment Trust Fund.

The annual budget serves as the foundation of the county's financial planning and control. The Board of Supervisors is required to adopt a proposed budget by the end of the fiscal year. The budget is prepared by fund, function (e.g. public protection), department (e.g. Sheriff), and object level (e.g. salary and benefits). Department heads, with the approval of the County Administrator, may make transfers within the department; however, transfers between departments require the approval of the Board of Supervisors. For further information on the budget, see the "Note to Required Supplementary Information" in the Required Supplementary Information (other than MD&A) section of this report.

The financial activities of the general governmental functions are reported in the general, special revenue, debt service, capital projects, and permanent funds. Included in those funds are the special districts governed by the Board of Supervisors and the county's blended component units except for the Housing Authority, which is included in enterprise operations. The county's business-type activities are reported in the enterprise funds. These include the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center, and the Major Risk Medical Insurance Enterprise Funds.

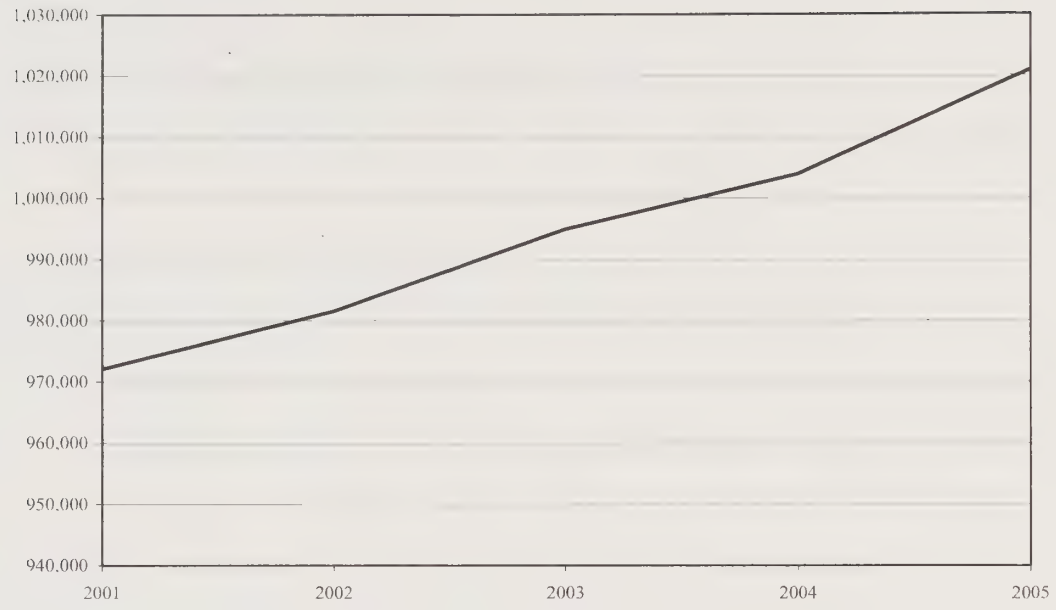
INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

The county continues to enjoy a relatively strong local economy. Long-term population and job growth projections remain positive. As of January 1, 2005, the county's population was estimated at 1,020,898, an increase of 28 percent since 1990 and a 9.8 percent increase since 2000. A study prepared by the Association of Bay Area Governments projects a 36 percent increase in population between 2000 and 2040.

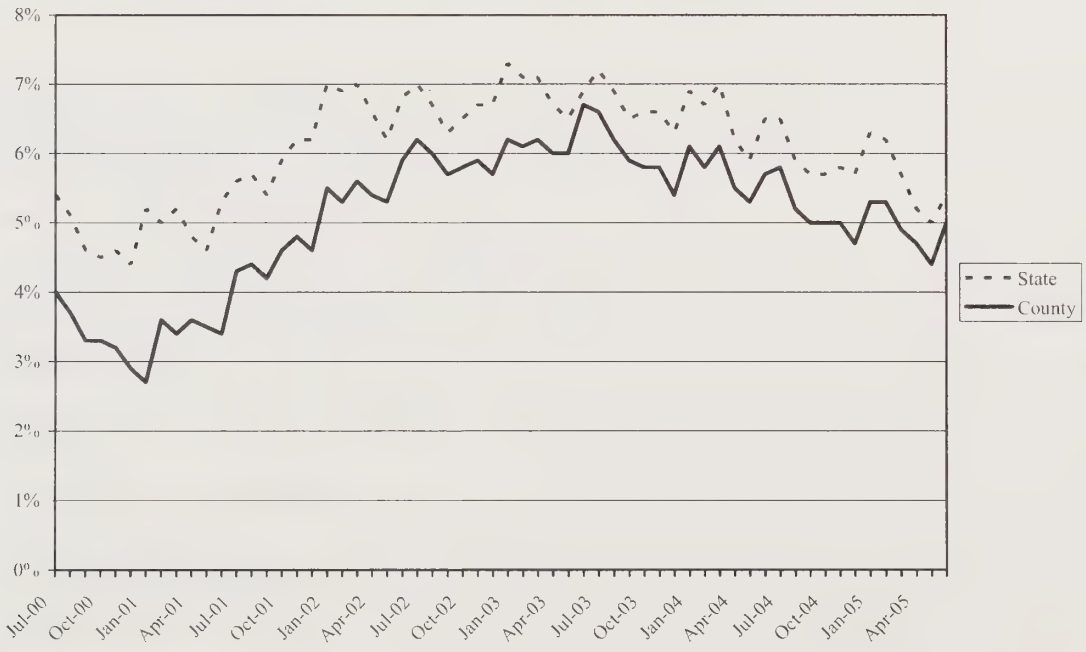
Between July 2004 and June 2005 the county's jobless rate decreased from 5.7 percent to 5.0 percent, which was significantly below the statewide averages of 6.5 percent and 5.4 percent, respectively (not seasonally adjusted). The county's economy is very diverse; major industries include petroleum refining, steel manufacturing, chemicals, electronic equipment, paper products, and utilities. The county consistently ranks as a leader in both per capita and household income.

The following charts present some pertinent five-year trends:

Population



Unemployment Rate (Not Seasonally Adjusted)



In spite of the county's positive economic and demographic environment, the funding of county programs and services is challenging. The state's budget crisis continues to adversely affect the county. Additionally, the county experienced increased salaries and benefits cost pressure relative to contractual employee cost of living adjustments, retirements and health care, and worker's compensation insurance.

The General Fund is the chief operating fund of the county. At the end of fiscal year 2004-2005, the fund balance decreased by $26,800,000, largely attributable to increased costs for retirement, salaries, and health care. The continued increase in total expenditures and other financing uses outpacing the increase in total revenues and other financing sources has resulted in a diminishing fund balance.

Subsequent to Caporicci & Larson, Certified Public Accountants, issuing their opinion, Moody's Investors Service downgraded the county's long-term debt credit ratings one notch. This should be considered when reviewing the county's underlying long-term ratings disclosed in the MD&A, page 17, which do not reflect this change.

Despite those obstacles, the management of Contra Costa County is committed to prudent fiscal management and engages in targeted long-term financial planning when possible and appropriate, such as:

- The county is developing a five-year budget projection, which will allow a broader view of the budget.
- The county maintains a current list of pending capital facilities needs, which is reviewed and prioritized periodically by a standing committee of the Board of Supervisors.
- The county adopted an official policy to use the $20,000,000 Vehicle License Fee (VLF) securitization funds received in fiscal year 2004-2005 to offset future required property tax transfers to local school districts and for future capital improvement projects.

Contra Costa County has adopted a variety of financial policies to help ensure prudent fiscal management. These include, but are not limited to, the following:

- The county adopted a "baseline budget" approach that seeks to identify the projected funding gap by determining the resources required to provide in the budget year the same level of service that was provided in the prior year. The advantage to this approach is that it permits the quantification of funding adequacy based on an assumed level of services to the public, and leads management and the Board of Supervisors to the necessary questions regarding how to allocate the resources available.
- A $53,000,000 projected budget imbalance was resolved. The key budget balancing solutions: 1) across-the-board reduction affecting most county departments equal in the aggregate to ten percent of net county cost in fiscal year 2003-2004; 2) departments were required to absorb all wage and benefit cost growth not offset by program revenues; and 3) use of one-time resources.
- The county is self-insured for workers' compensation, general, and automobile liability, medical malpractice, dental, management long-term disability, and unemployment insurance. The county

maintains excess insurance policies with private insurers to cover additional losses. The county's Risk Management office administers claims for the various programs, provides loss prevention services, and minimizes risks through various risk control strategies. For specific information on coverage see Note 16 in the "Notes to the Basic Financial Statements."

- Cash temporarily idle during the year was invested in accordance with California Government Code Section 53600 (et seq.) that allows investment maximums of 40 percent in bankers' acceptances, 40 percent in commercial paper, and 30 percent in negotiable certificates of deposit. There is no limit on investments in collateralized certificates of deposit and U.S. Government issues. The County Treasurer continues to have a more restrictive investment policy than required by law. The Board of Supervisors approved the Treasurer's investment policy. In accordance with California Government Code Sections 27130-27137, an investment oversight committee has reviewed the quarterly investment reports prepared by the Treasurer. The average yield on investments for the fiscal year ended June 30, 2005, was 2.3 percent. For additional information on the county's investments see Note 4 in the "Notes to the Basic Financial Statements."

- The county participates in and contributes to a cost-sharing, multi-employer defined benefit pension plan that is governed by the County Employees Retirement Law of 1937 and which is administered by the Contra Costa County Employees' Retirement Association (CCCERA). Financial activities of the plan are reported in the county's Pension Trust Fund and a Comprehensive Annual Financial Report is available from CCCERA. Additional information about the plan is also presented in Note 14 in the "Notes to the Basic Financial Statements" in this report. The CCCERA's address can be found in Note 1.A.

- In prior years, the county has issued pension obligation bonds to fund the unfunded accrued actuarial liability (UAAL) of the county for retirement benefits accruing to county members of the CCCERA. Due to favorable market conditions and the county's excellent credit ratings, the county was able to realize substantial savings in the cost to pay its UAAL obligation to the CCCERA. For specific information, see Management's Discussion and Analysis and Note 10 in the "Notes to the Basic Financial Statements."

- The Board of Supervisors has authorized departments to execute contracts under $25,000, subject to the review and approval of the County Administrator and County Counsel; however, all contracts above $25,000 require Board of Supervisors' approval. This policy helps expedite the process while still maintaining appropriate oversight and review.

In fiscal year 2004-2005, Contra Costa County successfully managed the effect of significant revenue shortfalls through judicious management of expenditures. To help preserve fiscal integrity and service standards during this period, the county focused its efforts on the following areas: 1) increasing operational efficiency; and 2) leveraging county resources. Highlights include:

Increasing Efficiency in Operations

Detention Facility Security – The Office of the Sheriff, Custody Services Bureau, renovated Central Control with state of the art control equipment. Review of the then-current system found that the security system at the Martinez Detention Facility was completely worn out and potentially capable of experiencing a catastrophic failure at any time. Costing $1,200,000, this 16-month project was completed on time and within budget.

Microwave Infrastructure – The Department of Information Technology upgraded the county's digital microwave infrastructure that provides radio and data access to two-way public safety radio equipment located at remote high-level mountain top sites. This upgrade increased capacity by 300 percent and increased reliability. In addition, the county implemented simulcasting on critical public safety VHF frequencies that improved communications and provide for better utilization of the county's public safety radio system.

Disaster Preparedness – The Office of the Sheriff, Office of Emergency Services, used Homeland Security grant funds to prepare the county for critical events. Some of the notable projects were: interoperable communications, countywide emergency call center, bomb detection dogs, and Terrorism Early Warning group (TEW) for dissemination of terrorist information to all first responder disciplines.

Juvenile Hall Expansion – In June the county completed the Juvenile Hall expansion that increased capacity of the facility from 169 to 290 beds and includes a variety of safety and functional improvements for both juveniles and staff. Construction was funded with $22,200,000 of State Board of Corrections grant funds and $13,000,000 of county funds.

County Animal Shelters – The new animal shelters in Martinez and Pinole were completed in the spring of 2005, providing expanded areas to house and care for animals, as well as attractive and welcoming spaces for community members to interact with animals available for adoption. These new facilities will improve the care received by the animals and enhance the experiences of the visiting public. The anticipated result will be fewer euthanizations and increased pet adoptions.

Recorder's Office Consolidation – Plans were completed and construction begun on a building that will consolidate the Recorder's Office's current six locations improving operational efficiency, increasing security and providing emergency power back-up.

New and Renovated Libraries – With the help of the Walnut Creek Foundation and Ygnacio Valley Library Friends, the Ygnacio Valley Library was completely renovated. The planning for several new libraries also moved forward, with the Dougherty Station Library scheduled to open in September 2005, the Hercules Library scheduled to open in 2006, and the Lafayette Library scheduled to open in 2008.

Strategic Energy Plan – The General Services Department analyzed the energy usage of county facilities and identified a variety of energy conservation measures for implementation over the next three years with an estimated $1,200,000 annual energy savings, a 12 percent reduction in energy spending. During fiscal year 2004-2005, the county began project implementation, including lighting retrofits and air-conditioning equipment replacement in the County Hospital and Juvenile Hall.

Leveraging County Resources

Firefighter Equipment and Training – The East Contra Costa County Fire Protection District successfully competed for a $329,147 (70 percent federal share of $470,210 project cost) Department of Homeland Security, Office for Domestic Preparedness "Assistance to Firefighters" Grant. The grant award will upgrade and standardize firefighting, safety and communications equipment of old and/or dissimilar design and operation used throughout the District as well as provide training. The consolidation of the three East County fire districts elevated the importance of standardizing tools and equipment used by East Contra Costa County firefighters.

Cable and Internet Services – As a result of a Limited Cable Franchise Agreement with Seren Innovations, Inc., nine (9) county I-Net sites have been connected and thirteen (13) sites have free cable and Internet service. The result is a one-time $475,000 cost savings to the county for the fiber construction and over $3,250,000 over ten years for services.

San Francisco to Stockton (J. F. Baldwin) Ship Channel Deepening – The county successfully lobbied for a $250,000 appropriation for the Army Corps of Engineers to continue phase two of J. F. Baldwin Deepening Project. The deepening project is a study of the potential for deepening the channel section from one foot to five feet and the salinity effects of such deepening. Phase one efforts focused on economic benefit to the nation, to justify the federal expense and performed salinity modeling on channel sections. This phase will address remaining issues, including detailed channel design, environmental documentation, cost analysis, and additional numeric modeling and dredged material disposal options. This will ensure that the project is as "environmentally friendly" as possible. The project is critical for vessel traffic that serves refineries and other industry.

Suisun Bay Channel/New York Slough Maintenance Dredging – The county successfully lobbied for a $4,559,000 appropriation for the Army Corps of Engineers for maintenance dredging to the authorized depth of 35 feet. Continued maintenance is essential for safe transport of crude oil and other bulk materials through the San Francisco Bay, along the Carquinez Straits and into the Sacramento/San Joaquin Delta. Dredging for this channel is particularly costly, due to requirements on placement of dredged materials in upland environments. An oil tanker ran aground in early 2001 due to severe shoaling in a section of this channel, exposing the straits to potential oil spills.

Walnut Creek Flood Control Basin Studies – The county successfully lobbied for $250,000 and $200,000 appropriations for the Army Corps of Engineers to analyze the Lower Walnut Creek Channel and Grayson Creek/Murderer's Creek, respectively, to provide environmental enhancement and ecosystem restoration and

evaluate fish passage through the system. The projects help improve flood protection in a densely populated area, while leaving the creeks in a natural state, thus providing habitat for migratory birds, fish and other wildlife; increasing neighborhood livability; and allowing for linkages with recreational and park land.

CCFuture Fund – The Board of Supervisors dedicated a new stream of transient occupancy tax revenue to create the CCFuture Fund, a county grant program that will invest in programs and services that are results-based, family-oriented, collaborative and available at critical points in the lives of children and families, thereby improving family functioning and reducing the county's high cost of dependency. The fund is expected to distribute approximately $500,000 per year for early intervention and prevention programs.

Domestic Violence Funding – The county's Zero Tolerance for Domestic Violence Initiative is a multi-jurisdictional partnership designed to reduce domestic violence and elder abuse. It has expanded its service capacity by successfully competing for major federal grants:

- Grants to Encourage Arrests, Department of Justice – an $800,000 award over two years to expand and coordinate justice system services, including first responder training, jurisdictional domestic violence database, annual warrant sweeps, bilingual probation services, legal advocacy for victims, training and prior arrest information for judges, and safety audits of the county's criminal justice system.

- Safe and Bright Futures for Children, Health and Human Services – a $150,000 two-year planning grant award to define a coordinated system that addresses the needs of children exposed to domestic violence. Focus on children and adolescents are critical to stop cycles of abuse and potential injury.

- Centers for Disease Control and California Alliance Against Domestic Violence – a $129,000 three-year award to develop and implement a primary prevention program targeted at men and boys to stop domestic violence before it starts (Man Power … Mentoring Boys into Men).

Additional information on the county's economic conditions and outlook is presented in the MD&A and in the Statistical Section. The county maintains an Internet web site with an increasing amount of information useful to its citizens at http://www.co.contra-costa.ca.us. This document is also available there.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Contra Costa County for its fiscal year 2003-2004 Comprehensive Annual Financial Report. This was the twenty-third consecutive fiscal year the county has received this award.

In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such a report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid only for a period of one year. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Office of the Auditor-Controller and the assistance of staff from several other departments. I would like to express my appreciation and gratitude to all who assisted and contributed to its preparation. I would especially like to express my appreciation and gratitude to the staff of the Internal Audit Division, which was directly tasked with its preparation, for its superb work and dedication. I also would like to thank the members of the Board of Supervisors and the County Administrator for their interest and support in planning and conducting the financial operations of the county.

Respectfully submitted,

Stephen J. Ybarra

Auditor-Controller

COUNTY OF CONTRA COSTA

PUBLIC OFFICIALS

June 30, 2005

ELECTED OFFICIALS

Supervisor, District 1	John M. Gioia
Supervisor, District 2	Gayle B. Uilkema
Supervisor, District 3	Mary N. Piepho
Supervisor, District 4	Mark De Saulnier
Supervisor, District 5	Federal D. Glover
Assessor	Gus Kramer
Auditor-Controller	Stephen J. Ybarra
Clerk-Recorder	Stephen L. Weir
District Attorney-Public Administrator	Robert J. Kochly
Sheriff-Coroner	Warren E. Rupf
Treasurer-Tax Collector	William J. Pollacek

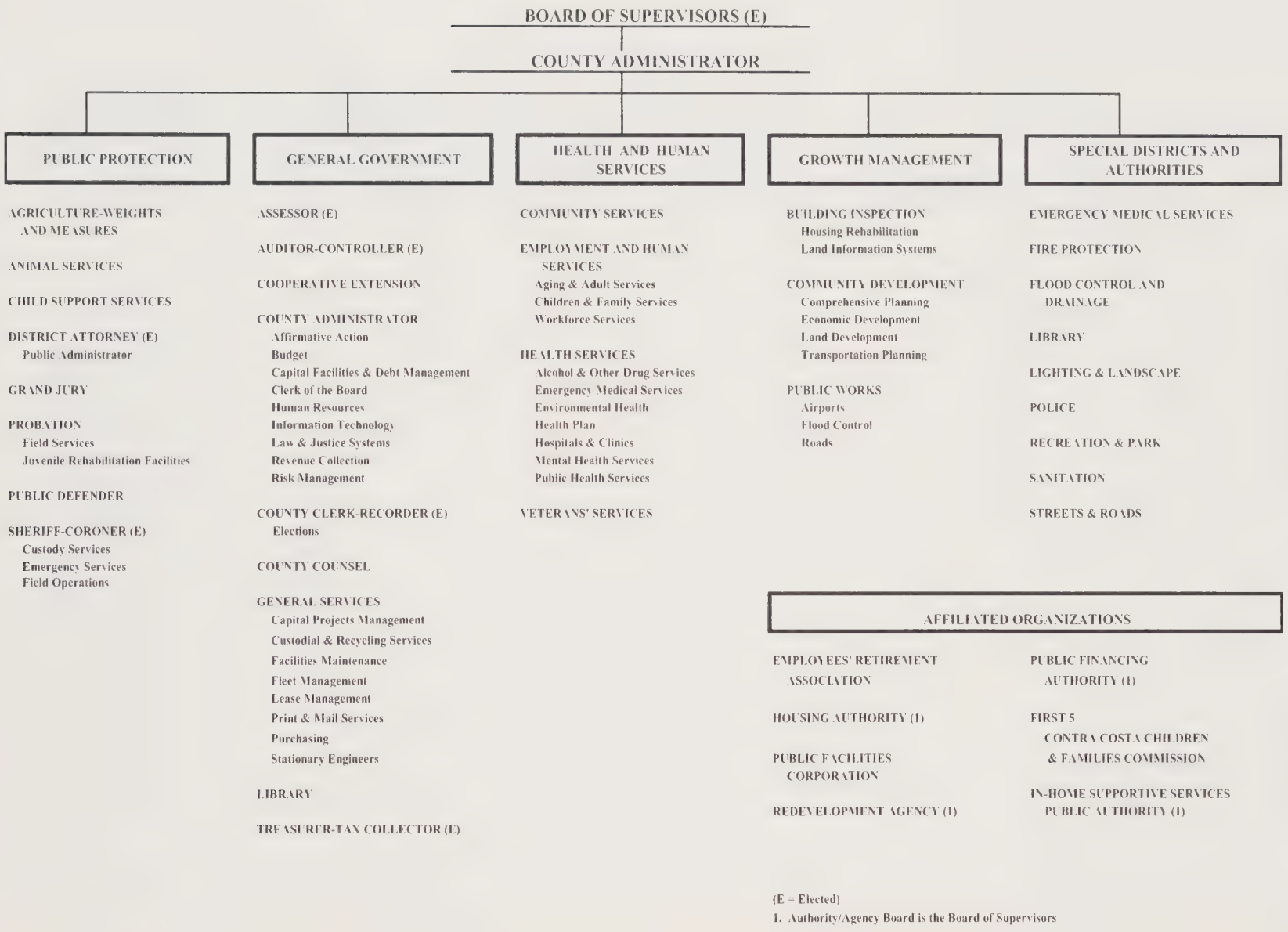
APPOINTED OFFICIALS

County Administrator	John Sweeten
County Counsel	Silvano Marchesi
County Librarian	Anne Cain
County Probation Officer	Lionel Chatman
Director of Animal Services	Glenn E. Howell
Director of Building Inspection	Carlos Baltodano
Director of Child Support Services	Linda M. Dippell
Director of Community Development	Dennis Barry
Director of Community Services (Interim)	Scott Tandy
Director of Cooperative Extension (Acting)	Shelley Murdock
Director of Employment and Human Services	John Cullen
Director of General Services	Barton J. Gilbert
Director of Health Services	William Walker, MD
Director of Human Resources (Interim)	Lori Gentles
Director of Public Works	Maurice Shiu
Agricultural Commissioner-Director of Weights and Measures	Edward P. Meyer
Chief Information Officer	Tom Whittington
Public Defender	David Coleman III
Veterans' Services Officer	Gary D. Villalba
Chief, Contra Costa County Fire Protection District	Keith Richter
Chief, Crockett-Carquinez Fire Protection District	Jerry Littleton, Jr.
Chief, East Contra Costa County Fire Protection District	Jay D. Dawson

AFFILIATED ORGANIZATIONS

Administrator, Contra Costa County Employees' Retirement Association	Marilyn Leedom
Executive Director, Housing Authority of the County of Contra Costa	Robert McEwan
President, Director, County of Contra Costa Public Facilities Corporation	John E. Whalen
Executive Director, First 5 Contra Costa Children and Families Commission	Brenda Blasingame
Executive Director, County of Contra Costa Public Financing Authority	John Sweeten
Executive Director, Contra Costa County Redevelopment Agency	John Sweeten
Executive Director, In-Home Supportive Services Public Authority	John Cottrell

Organizational Chart of Contra Costa County



(E = Elected)

1. Authority/Agency Board is the Board of Supervisors

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Contra Costa, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Nancy L. Zielke

President

Jeffrey R. Esser

Executive Director

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

FINANCIAL SECTION

C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Supervisors
of the County of Contra Costa
Martinez, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Contra Costa, California (County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following component units:

- Contra Costa County Employees' Retirement Association, which represents $4,505,887,000 of assets of the Fiduciary Funds.
- Housing Authority of the County of Contra Costa, which represents $89,012,000 of assets and $4,052,000 of revenue of the business-type activities. Which included the following blended component units:
  - Casa Del Rio Senior Housing Associates, L.P.
  - De Anza Gardens, Limited Partnership
  - De Anza Housing, Corporation
- FIRST 5 Contra Costa Children and Families First Commission, which represents $50,976,000 of assets and $14,408,000 of revenues. (Discrete component unit).

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements of the County, insofar as it related to those amounts included for the above mentioned component units in the accompanying basic financial statements of the County, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, a discrete component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the basic financial statements, the County adopted Government Accounting Standards Board No. 40, *Deposit and Investment Risk Disclosures, (an amendment of GASB Statement No. 3).*

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Caporicci & Larson

Oakland, California
November 30, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Contra Costa's Comprehensive Annual Financial Report presents a discussion and analysis of the financial activities of the county for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter to the Board of Supervisors and Citizens of the County.

Financial Highlights

- The government-wide assets of the county exceeded its liabilities at the close of fiscal year 2004-2005 by $907,975,000 (net assets), a 2.8 percent increase from the prior year. Of this amount, $479,200,000 was invested in capital assets, net of related debt, an increase of 5.8 percent. Of the remaining net assets, $332,838,000 was restricted for specific purposes (restricted net assets), an increase of 5.9 percent, and $95,937,000 was available to meet the county's ongoing obligations to its citizens and creditors (unrestricted net assets), a decrease of 17.4 percent.

- As of June 30, 2005, the county's governmental funds reported ending fund balances of $463,370,000, an increase of 1.3 percent from the prior year. Approximately 82.7 percent of this total amount, $383,249,000, was unreserved fund balance.

- As of June 30, 2005, unreserved fund balance for the General Fund was $58,659,000 or 5.7 percent of total General Fund expenditures of $1,027,352,000.

- Net assets of the internal service funds (self-insurance funds) was a deficit of $45,544,000

- The county's total debt decreased by $8,951,000 or 0.8 percent during fiscal year 2004-2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the county's basic financial statements. The county's basic financial statements are comprised of three parts as follows: (1) **government-wide** financial statements; (2) **fund** financial statements; and (3) **notes** to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the county's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the county's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The **statement of activities** presents information showing how the county's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the county include general government, public protection, health and sanitation, public assistance, education, public ways and facilities, and recreation and culture. The business-type activities of the county include the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center, and Major Risk Medical Insurance.

Fund Financial Statements

The fund financial statements report groupings of related accounts and are used to maintain control over resources that have been segregated for specific activities and objectives. The county, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county can be divided into three categories as follows: (1) **governmental** funds; (2) **proprietary** funds; and (3) **fiduciary** funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that are available for spending as well as on balances of resources that are available for spending at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the county's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county maintains 27 individual governmental funds (e.g. general fund, special revenue funds, debt service funds, capital projects funds and permanent fund) for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Contra Costa County Fire Protection District Special Revenue Fund, and Land Development Special Revenue Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of those nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The county adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds used by the county are of two different types as follows: (1) enterprise funds; and (2) internal service funds. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the enterprise funds sections of the proprietary fund statement of net assets and in the proprietary fund statement of revenues, expenses, and changes in net assets for the County Hospital Enterprise Fund, Health Maintenance Organization Enterprise Fund, and Housing Authority Enterprise Fund, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of those nonmajor enterprise funds is provided in the form of combining statements and schedules elsewhere in this report.

- **Internal service funds** are an accounting device used to accumulate and allocate costs internally among the county's various functions. The county uses internal service funds to account for its administrative costs and payment of claims for its various insurance programs to protect county assets and employees. They have been allocated between the governmental functions and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of entities legally separate from the county and individuals, which are not part of the reporting entity. The Contra Costa County Employees' Retirement Association (CCCERA) pension plan, the county's investment trust fund, private-purpose trust fund, and agency funds are reported under fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the county's major governmental funds budget and actual comparisons. Progress in funding its obligation to provide pension benefits to employees is included in the CCCERA report.

Combining Statements and Schedules

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information (other than MD&A).

Component Units

The blended component units, as described in Note 1.A in the "Notes to the Basic Financial Statements," are included in all three parts of the county's basic financial statements. The county and its blended component units constitute the primary government. In addition to the blended component units, the government-wide financial statements and the notes to the basic financial statements also include the discretely presented component unit described in Note 1.A in the "Notes to the Basic Financial Statements."

GOVERNMENT-WIDE FINANCIAL ANALYSIS

COUNTY'S NET ASSETS
June 30, 2005
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2005	2004	2005	2004	2005	2004	Percent Change
Assets:							
Current and other assets	$ 1,287,093	1,272,180	156,931	163,683	1,444,024	1,435,863	0.6 %
Capital assets	703,029	691,970	227,744	202,031	930,773	894,001	4.1
Total assets	1,990,122	1,964,150	384,675	365,714	2,374,797	2,329,864	1.9 %
Liabilities:							
Current and other liabilities	162,869	142,180	85,591	89,475	248,460	231,655	7.3 %
Long-term liabilities	1,028,711	1,046,888	189,651	167,750	1,218,362	1,214,638	0.3
Total liabilities	1,191,580	1,189,068	275,242	257,225	1,466,822	1,446,293	1.4 %
Net Assets:							
Invested in capital assets, net of related debt	420,834	400,332	58,366	52,808	479,200	453,140	5.8 %
Restricted	319,706	303,797	13,132	10,535	332,838	314,332	5.9
Unrestricted	58,002	70,953	37,935	45,146	95,937	116,099	(17.4)
Total net assets	$ 798,542	775,082	109,433	108,489	907,975	883,571	2.8 %

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The county's assets exceeded liabilities by $907,975,000 at June 30, 2005. The largest portion of the county's net

assets, $479,200,000, or 52.8 percent, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets. The county uses capital assets to provide services to citizens; consequently, those assets are not available for future–spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the county's net assets, $332,838,000, or 36.7 percent, represents resources that are subject to external restrictions on how they may be used. The major restriction on net assets, $293,010,000, is for legally segregated taxes, grants, and fees.

The remaining balance, $95,937,000, or 10.6 percent, is unrestricted net assets and may be used to meet the county's ongoing obligations to citizens and creditors. Unrestricted net assets of both governmental activities and business-type activities decreased primarily due to the Board of Supervisor's desire to maintain services and the resulting use of unrestricted net assets to fund programs in which revenues did not grow to match the growth in expenditures.

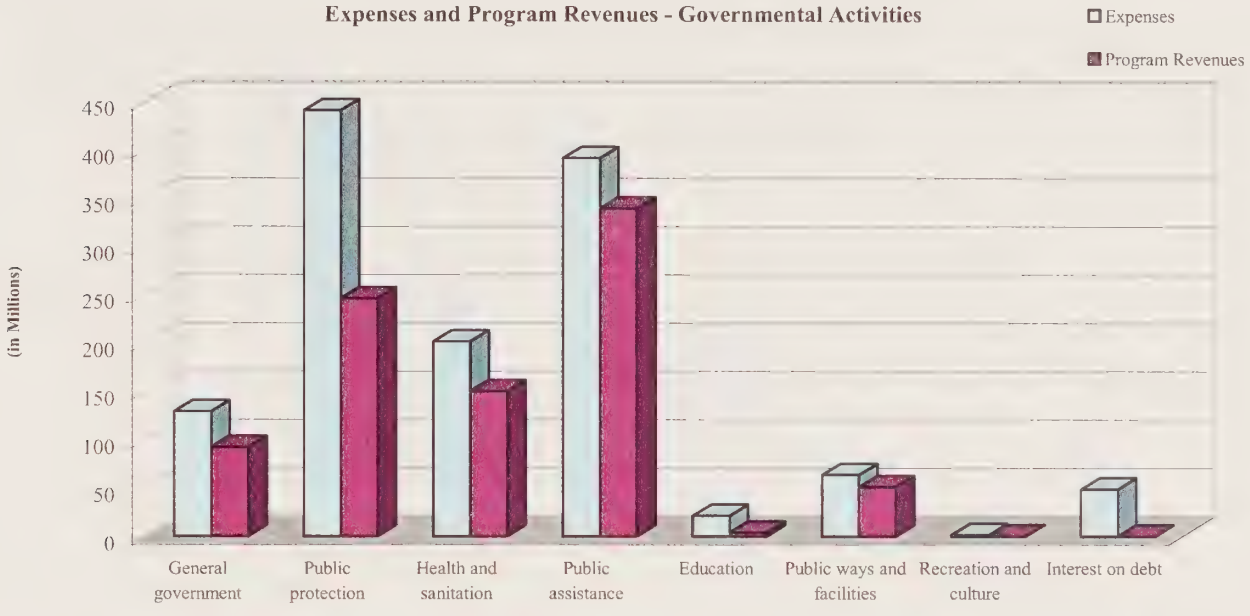
COUNTY'S CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2005
(In Thousands)

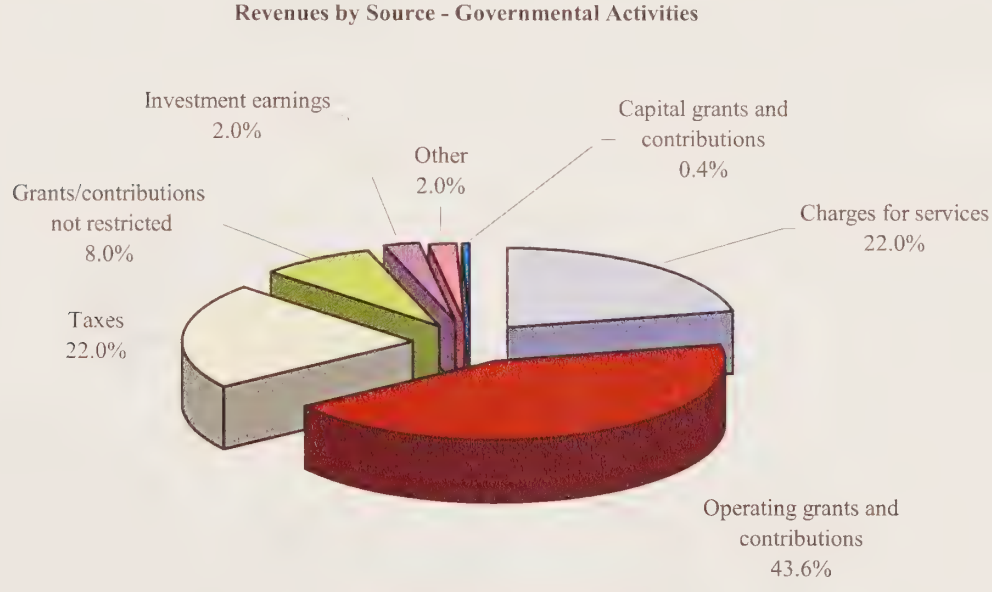
	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent Change
	2005	2004	2005	2004	2005	2004	
Revenues:							
Program revenues:							
Charges for services	$ 292,651	307,580	409,482	380,360	702,133	687,940	2.1 %
Operating grants and contributions	584,347	540,138	120,955	118,574	705,302	658,712	7.1
Capital grants and contributions	5,629	6,124	7,941	5,201	13,570	11,325	19.8
General revenues:							
Taxes	293,068	276,712			293,068	276,712	5.9
Grants/contributions not restricted	107,861	69,341			107,861	69,341	55.6
Investment earnings	31,608	13,336	134	12	31,742	13,348	137.8
Other	29,587	35,815	596	609	30,183	36,424	(17.1)
Total revenues	1,344,751	1,249,046	539,108	504,756	1,883,859	1,753,802	7.4 %
Expenses:							
General government	129,016	103,796			129,016	103,796	24.3 %
Public protection	441,068	421,782			441,068	421,782	4.6
Health and sanitation	201,567	220,135			201,567	220,135	(8.4)
Public assistance	391,620	391,906			391,620	391,906	(0.1)
Education	21,321	20,217			21,321	20,217	5.5
Public ways and facilities	63,648	56,983			63,648	56,983	11.7
Recreation and culture	1,421	1,294			1,421	1,294	9.8
Interest on debt	48,855	48,072			48,855	48,072	1.6
County Hospital			306,871	275,301	306,871	275,301	11.5
Health Maintenance Organization			142,887	136,374	142,887	136,374	4.8
Airport			4,903	4,668	4,903	4,668	5.0
Housing Authority			101,331	99,676	101,331	99,676	1.7
Major risk medical insurance			1,819	1,104	1,819	1,104	64.8
Sheriff Law Enforcement Training Center			1,288	1,435	1,288	1,435	(10)
Total expenses	1,298,516	1,264,185	559,099	518,558	1,857,615	1,782,743	4.2 %
Change in net assets before transfers and special item	46,235	(15,139)	(19,991)	(13,802)	26,244	(28,941)	190.7
Gain (loss) on sale of capital assets							
Special item - retirement litigation settlement		(31,979)				(31,979)	
Transfers	(21,836)	(15,900)	21,836	15,900			
Change in net assets	24,399	(63,018)	1,845	2,098	26,244	(60,920)	143.1
Net Assets, Beginning of Year	775,082	840,619	108,489	75,451	883,571	916,070	(3.5)
Adjustments to beginning net assets	(939)	(2,519)	(901)	30,940	(1,840)	28,421	
Net Assets, Beginning of Year, as Restated	774,143	838,100	107,588	106,391	881,731	944,491	
Net Assets, End of Year	$ 798,542	775,082	109,433	108,489	907,975	883,571	2.8 %

Analysis of the Changes in Net Assets

The county's net assets increased by $26,244,000 during fiscal year 2004-2005. General, this resulted from a 7.4 percent increase in revenues outpacing a 4.2 percent increase in expenses. The changes are explained below in the governmental activities and business-type activities discussions.

Governmental Activities





Governmental activities increased the county's net assets by $24,399,000. In the prior year, governmental activities decreased the county's net assets by $63,018,000 that included the effect of the retirement litigation settlement of $31,979,000 in fiscal year 2003-2004.

Grants/contributions not restricted revenue increased primarily due to the withholding by the state of approximately $20,000,000 in Vehicle License Fee (VLF) backfill revenue in fiscal year 2003-2004. The 2003-2004 VLF revenue was received through securitization in fiscal year 2004-2005.

Investment earnings revenue increased primarily due to a 151 percent increase in average yield on investments.

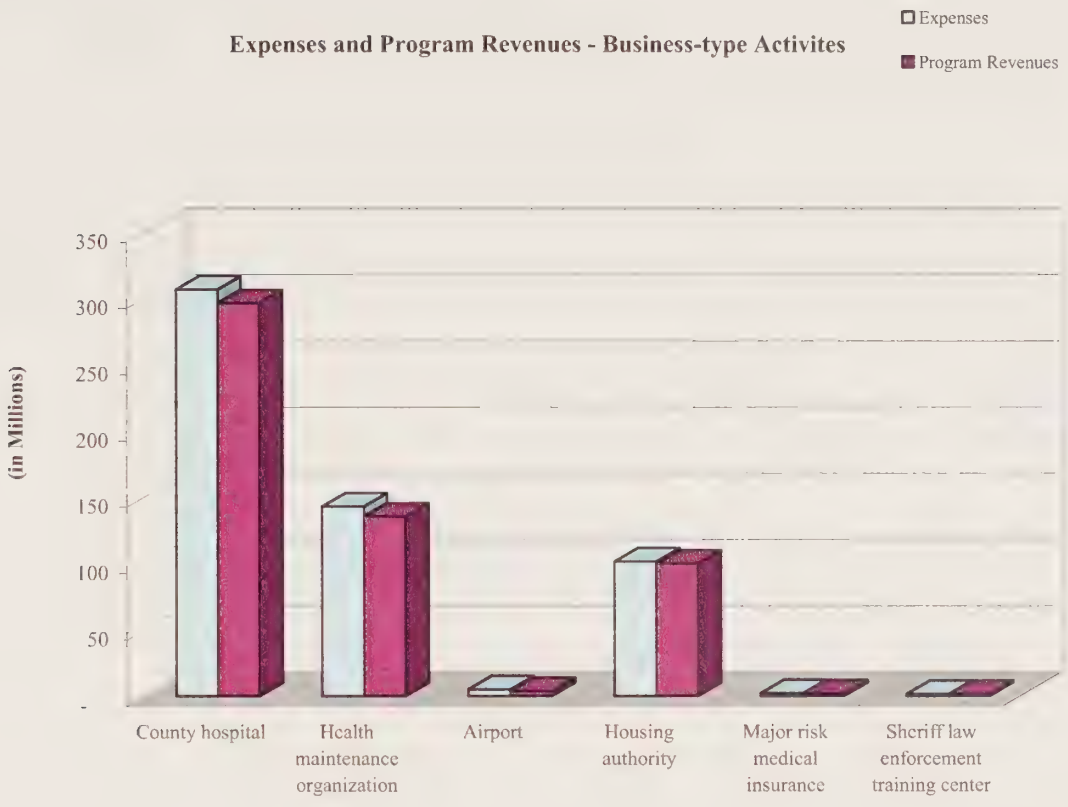
Other revenue decreased primarily due to completion of capital acquisition and improvement projects in fiscal year 2003-2004 that were funded through Headstart grants. No new Headstart capital acquisition and improvement grants were received in fiscal year 2004-2005.

General government expenses, on the government-wide basis, increased in fiscal year 2004-2005 by approximately $25,220,000. Approximately $18,000,000 is related to decreased interfund expense elimination entries, principally from the county's Public Financing Authority. Approximately $7,000,000 is related to the decrease in capitalization of capital assets over the prior fiscal year. These resulted in greater expense in the current year on the government-wide basis. Approximately $5,300,000 is related to an increase in the amortization of the county's Net Pension Asset. A decrease of approximately $5,100,000 is related to the elimination of certain Internal Service Funds of the county.

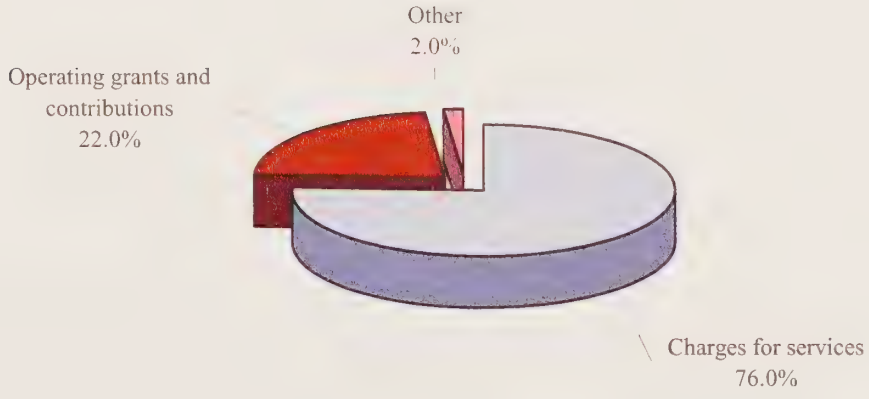
Public ways and facilities expenses increased by $6,665,000 primarily due to increased construction activity on the State Route 4 and State Route 4 Bypass projects.

Property taxes revenue increased by $15,423,000 as a result of an 8.9 percent increase in assessed valuation. This increase was due to strength in the real estate market and construction activity in a period of historically low interest rates.

Business-type Activities



Revenues by Source - Business-type Activities



Business-type activities increased the county's net assets by $1,845,000. Capital grants and contributions revenue increased primarily due to the Housing Authority receiving an increase of $2,000,000 in this revenue from HUD. Program expenses exceeded revenues for the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Major Risk Medical Insurance and Sheriff Law Enforcement Training Center. The cost of medical services and supplies exceeded the increases in funding sources for the costs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the activities of the county's funds for fiscal year 2004-2005 as reported in the fund-basis financial statements.

Governmental Funds

The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the county's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the county include the general, special revenue, debt service, capital projects and permanent funds.

As of June 30, 2005, the county's governmental funds reported combined ending fund balances of $463,370,000, an increase of $6,800,000 in comparison with the prior year. Approximately $383,249,000, or 82.7 percent of those fund balances, constitutes unreserved fund balances, which are available for spending at the county's discretion. The remainder of those fund balances is reserved to indicate that it is not available for new spending because it has already been committed as follows: (1) for encumbrances - to liquidate remaining contracts and purchase orders $35,484,000; (2) to reflect advances to other funds and inventories $7,895,000; (3) for payment of debt service $25,074,000; or (4) for miscellaneous other restricted purposes $11,668,000.

The General Fund is the primary operating fund of the county. At June 30, 2005, the unreserved fund balance of the General Fund was $58,659,000, a decrease of $17,229,000 in comparison to the prior year, while total fund balance was $93,063,000, a decrease of $26,823,000 in comparison to the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5.7 percent of total General Fund expenditures, while total fund balance represents 9.1 percent. For the prior year, these figures were 7.5 percent and 11.9 percent, respectively.

The assets and the unreserved fund balances of the General Fund were decreased from fiscal year 2003-2004 primarily due to the decision to maintain service levels in line with the prior year. The liabilities of the General Fund were increased from fiscal year 2003-2004 primarily due to increased state and federal advances for social assistance programs. General Fund revenues increased by $19,303,000 and expenditures increased by $20,962,000 in comparison to the prior year, but total expenditures continued to exceed total revenues.

Licenses, permits and franchise fee revenues decreased primarily due to reduced utitily franchise fees. Fines, forfeitures and penalties revenues decreased primarily due to a $12,000,000 reduction of the transfer from the tax losses reserve.

In the General Fund, general government, public protection and health and sanitation expenditures decreased primarily due to a general constraint on discretionary spending. Public assistance expenditures increased primarily due to the effort to maintain social services. Public ways and facilities expenditures increased primarily due to Highway 4 construction. Capital outlay expenditures increased primarily due to lease purchase actitivies.

The Contra Costa County Fire Protection District (CCCFPD) Special Revenue Fund was created in fiscal year 2004-2005 to separately report the financial activities of the CCCFPD and was designated a major fund at the request of interested parties. The financial activities of the county's other two fire protection districts, the Crockett-Carquinez Fire Protection District and the East Contra Costa County Fire Protection District, are now reported in the Other Fire Protection Special Revenue Fund. In prior years the financial activities of all three of the county's fire protection districts were reported in the Fire Protection Special Revenue Fund.

The RDA Capital Projects Fund was re-categorized as a nonmajor governmental fund since it no longer met the criteria for a major fund. This resulted in a significant current year increase to fund balance in the nonmajor governmental funds.

Proprietary Funds

As mentioned earlier, the county's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets at June 30, 2005, was $27,656,000 for the County Hospital Enterprise Fund, $10,075,000 for the Health Maintenance Organization Enterprise Fund, $49,633,000 for the Housing Authority Enterprise Fund, and $23,123,000 for the nonmajor enterprise funds. As a result of operations during the year, net assets of the County Hospital Enterprise Fund increased by $4,064,000, net assets of the Health Maintenance Organization Enterprise Fund increased by $328,000, net assets of the Housing Authority Enterprise Fund decreased by $1,083,000 , and net assets of the nonmajor enterprise funds decreased by $1,391,000.

Additionally, the beginning net assets of the Housing Authority Enterprise Fund was decreased by $901,000 primarily due to the demolition of one of its housing developments.

Net assets of the internal service funds was a deficit of $45,544,000 . As a result of operations during the year, the net assets deficit of the Workers' Compensation Insurance County General Internal Service Fund decreased by $8,244,000, the net assets deficit of the Workers' Compensation Insurance Fire Protection Internal Service Fund increased by $2,062,000, and the net assets of the other internal service funds decreased by $3,130,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The county's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year. Total budgeted revenues were increased by $57,431,000 or 5.5 percent, in the final budget. Actual revenues were less than final budgeted revenues by $36,614,000, or 3.3 percent. Total budgeted expenditures increased by $58,153,000 or 5.4 percent, in the final budget. Actual expenditures were less than final budgeted expenditures by $104,330,000, or 9.2 percent. Significant factors impacting those changes were as follows:

Original Budget vs. Final Budget

Revenue Variances

- The Original Budget for other revenue was increased to re-budget for construction projects not completed in the prior year and higher than expected realized revenue from building occupancy rentals and community services.

Expenditure Appropriation Variances

- The Final Budget for General Government - Plant Acquisition included re-appropriation for projects not completed in the prior year and additional appropriations for building and improvement projects that were funded during the current year.
- The Final Budget for Public Assistance – Community Development was reduced due to reduced Housing and Urban Development Department Block Grants.
- The Final Budget for Public Assistance – EHSD Aging and Adult was increased to reflect actual state and federal allocations in Medi-Cal, Food Stamps, and IHSS after the state passed its budget.
- The Final Budget for Public Assistance – EHSD Workforce Services was increased to reflect actual state and federal allocations in CalWorks after the state passed its budget.

Final Budget vs. Actual Amounts

Revenue Variances

- Licenses, permits and franchise fees revenue was less than expected because franchise fees from utilities did not achieve expected levels.
- Intergovernmental revenue was lower than expected by approximately $22,000,000 because progress on the State Route 4 Bypass did not reach expected levels resulting in lower progress payments. Federal income maintenance support also did not reach expected levels.
- Other revenue was less than expected because state and federal reimbursements were less than expected.

Expenditure Variances

- General Government – Plant acquisition expenditures were less than budgeted because the budget included appropriations for various building improvement and construction projects that were not completed during the year.
- Public Assistance – EHSD Workforce Services expenditures were less than budgeted primarily due to unanticipated difficulties in hiring additional staff for expansion in the CALWorks Program.
- Public Ways and Facilities – Road construction expenditures were less than budgeted due to progress on the Highway 4 Bypass not reaching expected levels and delays in obtaining the needed properties for the right-of-way.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

COUNTY'S CHANGES IN CAPITAL ASSETS
(Net of Depreciation)
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2005	2004	2005	2004 (as restated)	2005	2004 (as restated)	Percent Change
Infrastructure	$ 263,380	255,543			263,380	255,543	3.1 %
Land	65,125	62,052	12,920	12,245	78,045	74,297	5.0
Structures and improvements	298,209	255,953	195,778	151,290	493,987	407,243	21.3
Equipment	41,363	41,824	14,395	11,925	55,758	53,749	3.7
Construction in progress	34,952	76,598	4,651	25,712	39,603	102,310	(61.3)
Total	$ 703,029	691,970	227,744	201,172	930,773	893,142	4.2 %

The county's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amount to $930,773,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, drainage systems, and bridges. The total increase in the county's investment in capital assets for fiscal year 2004-2005 was 4.2 percent (a 1.6 percent increase for governmental activities and a 13.2 percent increase in business-type acitivities).

New investment in capital assets was constrained by the county's limited resources. Structures and improvements were increased and construction in progress was reduced due to the completion of several projects during the year.

Major capital asset events during fiscal year 2004-2005 included the following:

- The completion of the 242-bed expansion of Juvenile Hall for the Probation Department at a total cost of $27,617,000.
- The completion of an Animal Services Department Adoption Center in Martinez at a total cost of $7,988,000.
- The completion of additional Employment and Human Services Department's office facilities in Antioch at a total cost of $6,065,000.
- The completion of additional improvements to the Martinez Health Center at a total cost of $7,942,000.
- The completion of the Clinical Laboratory at a total cost of $4,958,000.
- The completion of a new Discovery House for the Health Services Department at a total cost of $2,917,000.
- Emergency communications system improvements in progress amounted to $1,076,000.

At June 30, 2005, the county had no material construction commitments as described in Note 17.E in the "Notes to the Basic Financial Statements." Additional information on the county's capital assets can be found in Note 7 in the "Notes to the Basic Financial Statements."

Long-Term Debt

Long-term debt for the governmental and business-type activities are presented below to illustrate changes from the prior year:

COUNTY'S OUTSTANDING DEBT
Capital Lease Obligations, Certificates of Participation, Pension Obligation Bonds, Retirement Litigation Settlement, Notes Payable, Other Bonds Payable, Lease Revenue Bonds, Tax Allocation Bonds and Special Assessment Debt
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2005	2004	2005	2004	2005	2004	Percent Change
Capital lease obligations	$ 13,784	12,235	2,455	3,017	16,239	15,252	6.5 %
Certificates of participation	29,365	30,555	121,325	125,250	150,690	155,805	(3.3)
Pension obligation bonds	554,735	569,220			554,735	569,220	(2.5)
Retirement litigation settlement	29,651	30,352			29,651	30,352	(2.3)
Notes payable	429	516	29,766	7,268	30,195	7,784	287.9
Other bonds payable	5,115	6,130			5,115	6,130	(16.6)
Lease revenue bonds	136,903	142,715	27,997	30,320	164,900	173,035	(4.7)
Tax allocation bonds	83,045	84,295			83,045	84,295	(1.5)
Special assessment debt	14,006	15,654			14,006	15,654	(10.5)
Total	$ 867,033	891,672	181,543	165,855	1,048,576	1,057,527	(0.8) %

At June 30, 2005, the county had total long-term debt outstanding of $1,048,576,000. The county's legal debt limit was $5,330,015,000. The county's total debt decreased by $8,951,000 or 0.8 percent, during fiscal year 2004-2005.

Notes payable for business-type activities increased by $22,498,000 or 309.6 percent. This was primarily due to a $24,096,000 construction loan for a component unit of the Housing Authority. Additional information on this debt can be found in the Housing Authority's audited financial statements.

The county's underlying long-term ratings are as follows:

Type of Issue	Moody's	S&P
Issuer rating/implied general obligation bond rating	Aa2	AA
Pension obligation bonds	Aa3	AA-
Lease revenue bonds/certificates of participation	A1	A+

Moody's Investors Service (Moody's) has assigned a negative outlook to the county's long-term ratings, as it has done on all California county ratings. Standard & Poor's Ratings Services (S&P) has assigned a stable outlook to the county's ratings.

The county has been able to purchase municipal bond insurance policies on its pension bonds, lease revenue bonds, and certificates of participation; thereby, resulting in those securities being upgraded to ratings of Aaa by Moody's and AAA by S&P.

There was no change in the county's ratings during fiscal year 2004-2005.

Additional information of the county's long-term debt can be found in Note 10 in the "Notes to the Basic Financial Statements."

KNOWN FACTS, DECISIONS AND CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL POSITION OR RESULTS OF OPERATIONS

- Proposition 1A was approved by the voters on November 2, 2004. It will enable the county to have more predictable and stable local revenues. Proposition 1A constitutionally protects county property taxes, the county's portion of the existing Bradley-Burns sales tax rate, and local sales tax add-ons. It retains the existing funding shift from the county to school districts (Educational Revenue Augmentation Fund-ERAF) and allows for the additional two-year shift noted below. It prohibits the state from permanently increasing the amount of those shifts in the future. Proposition 1A also protects Vehicle License Fee (VLF) backfill revenue ($68,812,000 for fiscal year 2004-2005). The county VLF backfill is replaced with a like amount of property taxes that are constitutionally protected. Beginning July 1, 2005, the

proposition provides that the state must annually reimburse the county for state-mandated programs or the county may discontinue the programs.

- In fiscal year 2004-2005 the state Legislature and the Governor enacted legislation that require the county General Fund, county special districts, and the Redevelopment Agency to shift additional property taxes to the schools and community colleges for two years. For each of the fiscal years 2004-2005 and 2005-2006, $9,266,000, $818,000, and $806,000 of property taxes of the county General Fund, county special districts, and Redevelopment Agency, respectively, are shifted to the schools and community colleges.

- General Fund subsidies to the County Hospital and Health Maintenance Organization were $40,996,000 and $8,139,000, respectively. Costs continue to rise more rapidly than revenue. Even with cost containment efforts in place, similar subsidies are expected to recur in fiscal year 2005-2006.

- On November 30, 2005, S&P revised its credit rating outlook on the county from stable to negative based on the significant deterioration in the county's unreserved general fund balance. However, S&P affirmed its 'AA' issuer credit rating and its 'AA-' underlying rating on the county's pension obligation bonds. Unless the county's financial position improves, its credit ratings could be lowered in the future which would increase the cost of future debt issuances.

- All of the facts, decisions and conditions listed above were considered in preparing the county's budget for fiscal year 2005-2006.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the county's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller, 625 Court Street, Room 103, Martinez, CA 94553-1282.

COUNTY OF CONTRA COSTA

STATEMENT OF NET ASSETS

JUNE 30, 2005

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Contra Costa Children and Families Commission
Assets:				
Cash and investments	$ 449,796	97,063	546,859	47,529
Receivables (net)	153,069	19,745	172,814	2,814
Inventories	1,601	811	2,412	
Internal balances	1,672	(1,672)		
Due from component unit	1,131		1,131	
Notes receivable	53,965	252	54,217	
Prepaid items and deposits	7,264	1,626	8,890	16
Deferred charges	2,424	1,230	3,654	
Other current assets		22,902	22,902	
Land held for resale	781		781	
Prepaid pension asset (net)	530,227		530,227	
Restricted assets:				
Restricted cash and investments	85,163	12,140	97,303	
Notes receivable		2,834	2,834	
Capital assets:				
Nondepreciable	100,077	17,571	117,648	246
Depreciable, net	602,952	210,173	813,125	372
Total assets	1,990,122	384,675	2,374,797	50,977
Liabilities:				
Accounts payable and accrued liabilities	83,018	60,487	143,505	1,065
Accrued interest payable	6,593	1,352	7,945	
Due to primary government				1,131
Welfare program advances	16,048		16,048	
Unearned revenue	57,210	23,752	80,962	
Noncurrent liabilities:				
Due within one year	82,043	32,879	114,922	7
Due in more than one year	946,668	156,772	1,103,440	66
Total liabilities	1,191,580	275,242	1,466,822	2,269
Net Assets:				
Invested in capital assets, net of related debt	420,834	58,366	479,200	618
Restricted for:				
Legally segregated taxes, grants and fees	293,010		293,010	
Tenant deposits		584	584	
Debt service	24,844	12,548	37,392	
Permanent fund:				
Expendable portion	123		123	
Nonexpendable portion	1,729		1,729	
Children's programs				31,355
Total restricted net assets	319,706	13,132	332,838	31,355
Unrestricted	58,002	37,935	95,937	16,735
Total net assets	$ 798,542	109,433	907,975	48,708

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

Function/Program Activities:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 129,016	81,289	10,900	
Public protection	441,068	122,919	123,050	50
Health and sanitation	201,567	61,930	88,114	
Public assistance	391,620	2,895	336,542	
Education	21,321	848	3,065	
Public ways and facilities	63,648	22,737	22,657	5,579
Recreation and culture	1,421	33	19	
Interest on debt	48,855			
Total governmental activities	1,298,516	292,651	584,347	5,629
Business-type activities:				
County Hospital	306,871	271,216	20,379	5,052
Health Maintenance Organization	142,887	128,742	6,677	
Airport	4,903	3,090	452	
Housing Authority	101,331	3,885	93,176	2,889
Major risk medical insurance	1,819	1,723		
Sheriff Law Enforcement Training Center	1,288	826	271	
Total business-type activities	559,099	409,482	120,955	7,941
Total primary government	$ 1,857,615	702,133	705,302	13,570
Component unit:				
First 5 Contra Costa Children and Families Commission	$ 10,316		3	
GENERAL REVENUES:				
Taxes:				
Property				
Sales				
Other				
Grants/contributions not restricted				
Investment earnings				
Other				
TRANSFERS				
Total general revenues and transfers				
Change in net assets				
NET ASSETS, BEGINNING OF YEAR				
Adjustments to beginning net assets (Note 2)				
NET ASSETS, BEGINNING OF YEAR, AS RESTATED				
NET ASSETS, END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Assets			Component Unit
Governmental Activities	Business-type Activities	Total	First 5 Contra Costa Children and Families Commission
(36,827)		(36,827)	
(195,049)		(195,049)	
(51,523)		(51,523)	
(52,183)		(52,183)	
(17,408)		(17,408)	
(12,675)		(12,675)	
(1,369)		(1,369)	
(48,855)		(48,855)	
(415,889)		(415,889)	
	(10,224)	(10,224)	
	(7,468)	(7,468)	
	(1,361)	(1,361)	
	(1,381)	(1,381)	
	(96)	(96)	
	(191)	(191)	
	(20,721)	(20,721)	
(415,889)	(20,721)	(436,610)	
			(10,313)
$ 266,043		266,043	
10,811		10,811	
16,214		16,214	13,352
107,861		107,861	
31,608	134	31,742	1,052
29,587	596	30,183	
(21,836)	21,836		
440,288	22,566	462,854	14,404
24,399	1,845	26,244	4,091
775,082	108,489	883,571	44,980
(939)	(901)	(1,840)	(363)
774,143	107,588	881,731	44,617
$ 798,542	109,433	907,975	48,708

COUNTY OF CONTRA COSTA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2005

(In Thousands)

	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Total
Assets:					
Cash and investments	$ 18,342	35,167	57,241	260,351	371,101
Accounts receivable and accrued revenue (net)	130,213	2,563	615	16,650	150,041
Inventories	1,601				1,601
Due from other funds	41,368	1,016	634	4,587	47,605
Due from component unit	1,131				1,131
Advances to other funds				6,294	6,294
Notes receivable	43,238			10,727	53,965
Prepaid items and deposits	5,706	861		697	7,264
Land held for resale				781	781
Restricted cash and investments	1,813			83,350	85,163
Total assets	$ 243,412	39,607	58,490	383,437	724,946
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 62,791	7,866	1,503	10,858	83,018
Due to other funds	5,435	255	1,734	37,498	44,922
Welfare program advances	16,048				16,048
Advances from other funds				6,294	6,294
Deferred revenue	66,075	11	30,841	14,367	111,294
Total liabilities	150,349	8,132	34,078	69,017	261,576
Fund Balances:					
Reserved for:					
Encumbrances	27,288	2,141	64	5,991	35,484
Inventories	1,601				1,601
Advances to other funds				6,294	6,294
Prepaid items and deposits	5,515	861		697	7,073
Land held for resale				781	781
Programs with purpose restrictions				558	558
Bond proceeds with eligibility restriction				15	15
Housing projects				1,389	1,389
Debt service				25,074	25,074
Permanent fund-expendable portion				123	123
Permanent fund-nonexpendable portion				1,729	1,729
Unreserved, designated for:					
Equipment replacement	9,213		615	5,049	14,877
Future projects				3,189	3,189
Ligitation/audit	3,923				3,923
Off-highway vehicle	350				350
Dougherty Valley	670				670
Unreserved, undesignated, reported in:					
General fund	44,503				44,503
Special revenue funds		28,473	23,733	199,688	251,894
Debt service funds				(1,933)	(1,933)
Capital projects funds				65,776	65,776
Total fund balances	93,063	31,475	24,412	314,420	463,370
Total liabilities and fund balances	$ 243,412	39,607	58,490	383,437	724,946

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2005

(In Thousands)

Fund balances - total governmental funds (page 22)		$ 463,370
Amounts reported for governmental activities in the statement of net assets are different because:		
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		530,227
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		703,029
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds.		119
Notes receivable are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds.		53,965
Internal service funds are used by management to charge the costs of self insurance to individual funds. The assets and liabilities of these funds, except for the medical liability insurance fund, are included as governmental activities in the statement of net assets.		(44,490)
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(6,593)
Costs of issuance on bonds are not recognized as current expenditures and are deferred.	$ 2,511	
Current year amortization of costs of issuance on bonds.	(87)	2,424
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Certificates of participation	(29,365)	
Lease revenue bonds	(136,903)	
Notes payable	(429)	
Tax allocation bonds	(83,045)	
Special assessment bonds	(14,006)	
Other bonds payable	(5,115)	
Pension obligation bonds	(554,735)	
Retirement litigation settlement	(29,651)	
Capital lease obligations	(13,784)	
Compensated absences	(36,928)	
Premiums, discounts and deferred amounts on refundings	452	(903,509)
Net assets of governmental activities (page 19)		$ 798,542

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Total
Revenues:					
Taxes	$ 237,828	71,048		94,497	403,373
Licenses, permits and franchise fees	12,736	102	16,023	3,001	31,862
Fines, forfeitures and penalties	16,620			4,475	21,095
Use of money and property	5,454	369	962	23,183	29,968
Intergovernmental	530,155	3,750	50	53,574	587,529
Charges for services	183,774	3,294	9,122	43,504	239,694
Other revenue	76,892	801	7,700	18,311	103,704
Total revenues	1,063,459	79,364	33,857	240,545	1,417,225
Expenditures:					
Current:					
General government	127,686			3,383	131,069
Public protection	285,743	76,741	19,810	74,195	456,489
Health and sanitation	197,686			10,474	208,160
Public assistance	357,675			37,662	395,337
Education	290			20,941	21,231
Public ways and facilities	51,884		12,125	32,886	96,895
Recreation and culture				1,284	1,284
Debt service:					
Principal		86		27,640	27,726
Bond issuance cost				565	565
Interest		284		49,134	49,418
Capital outlay	6,388				6,388
Total expenditures	1,027,352	77,111	31,935	258,164	1,394,562
Excess (deficiency) of revenues over (under) expenditures	36,107	2,253	1,922	(17,619)	22,663
Other Financing Sources (Uses):					
Transfers in	24,775		8	54,508	79,291
Transfers out	(94,093)		(541)	(8,471)	(103,105)
Issuance of debt				1,563	1,563
Capital lease financing	6,388				6,388
Total other financing sources (uses)	(62,930)		(533)	47,600	(15,863)
Net change in fund balances	(26,823)	2,253	1,389	29,981	6,800
Fund Balances at Beginning of Year, as Previously Reported	119,886	29,222	23,023	285,378	457,509
Adjustments to beginning fund balances				(939)	(939)
Fund Balances at Beginning of Year, as Restated (Note 2)	119,886	29,222	23,023	284,439	456,570
Fund Balances at End of Year	$ 93,063	31,475	24,412	314,420	463,370

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

Net change in fund balances - total governmental funds (page 24)			$ 6,800
Amounts reported for governmental activities in the statement of activities are different because:			
Revenues that were deferred in the governmental funds because they were unavailable are reported as current revenue.			6,500
Governmental funds report capital asset acquisitions as either capital outlay or other current program expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Expenditures for capital assets	$ 50,404		
Less loss on sale/retirement of capital assets	(2,844)		
Less current year depreciation	(36,512)		11,048
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			
Transfer of lease revenue bonds	(1,563)		
Principal payments	27,726		
Cost of issuance	565		
Capital lease payments	4,839		
Other debt payments	25		
Issuance of capital lease	(6,388)		25,204
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in long-term compensated absences	(818)		
Amortization of pension asset	(27,448)		
Amortization of bond issuance cost	(87)		
Change in accrued interest payable	75		(28,278)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.			3,125
Change in net assets of governmental activities (page 21)			$ 24,399

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2005

(In Thousands)

	Enterprise Funds					
	County Hospital	Health Maintenance Organization	Housing Authority*	Nonmajor	Total	Internal Service
Assets:						
Current assets:						
Cash and investments	$ 49,475	34,386	5,387	1,741	90,989	84,769
Accounts receivable and accrued revenue (net)	16,173	2,492	601	479	19,745	3,028
Inventories	808			3	811	
Due from other funds	8,355	5,772		35	14,162	344
Notes receivable			252		252	
Prepaid items and deposits	1,374		204	48	1,626	
Deferred charges	1,230				1,230	
Other assets			22,902		22,902	
Total current assets	77,415	42,650	29,346	2,306	151,717	88,141
Noncurrent assets:						
Restricted cash and investments	10,850		1,271	19	12,140	
Notes receivable			2,834		2,834	
Capital assets:						
Nondepreciable	426		6,064	11,081	17,571	
Depreciable, net	146,854	58	49,497	13,764	210,173	
Total noncurrent assets	158,130	58	59,666	24,864	242,718	
Total assets	235,545	42,708	89,012	27,170	394,435	88,141
Liabilities and Net Assets						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	28,654	26,359	4,824	650	60,487	
Accrued interest payable	1,233		110	9	1,352	
Due to other funds	7,807	5,958		2,009	15,774	1,415
Deferred revenue	23,094		658		23,752	
Current portion of long-term liabilities	5,222	31	25,547	378	31,178	47,751
Total current liabilities	66,010	32,348	31,139	3,046	132,543	49,166
Noncurrent liabilities:						
Capital lease obligations	981			889	1,870	
Certificates of participation, net	105,674				105,674	
Compensated absences	7,371	285	72	112	7,840	
Claims payable						84,519
Bonds and notes payable, net	27,296		5,554		32,850	
Landfill post closure liability	557				557	
Other noncurrent liabilities			2,614		2,614	
Total noncurrent liabilities	141,879	285	8,240	1,001	151,405	84,519
Total liabilities	207,889	32,633	39,379	4,047	283,948	133,685
Net Assets (Deficit):						
Invested in capital assets, net of related debt	8,926	58	25,791	23,591	58,366	
Restricted for debt service	12,548				12,548	
Restricted for tenant deposits			584		584	
Unrestricted (deficit)	6,182	10,017	23,258	(468)	38,989	(45,544)
Total net assets (deficit)	$ 27,656	10,075	49,633	23,123	110,487	(45,544)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(1,054)	
Net assets of business-type activities (page 19)					$ 109,433	

* Housing Authority Fund reported as of March 31, 2005.

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

(In Thousands)

	Enterprise Funds					
	County Hospital	Health Maintenance Organization	Housing Authority*	Nonmajor	Total	Internal Service
Operating Revenues:						
Use of money and property	$ 500	639	18	3,108	4,265	
Charges for services	270,716	128,103	3,868	2,531	405,218	50,103
Other revenue			166	430	596	
Total operating revenues	271,216	128,742	4,052	6,069	410,079	50,103
Operating Expenses:						
Salaries and employee benefits	191,506	8,593	9,344	2,425	211,868	
Services and supplies	76,857	134,283		2,798	213,938	12,233
Benefit and claim expense						42,440
Other charges	17,499		88,313	497	106,309	
Expenditure transfers				293	293	
Depreciation	7,447	11	3,335	1,928	12,721	
Total operating expenses	293,309	142,887	100,992	7,941	545,129	54,673
Operating loss	(22,093)	(14,145)	(96,940)	(1,872)	(135,050)	(4,570)
Nonoperating Revenues (Expenses):						
State and federal grants	20,379	6,677	93,176	723	120,955	
Investment income			71	1	72	1,644
Interest income			62		62	
Interest expense	(9,488)		(241)	(69)	(9,798)	
Non-routine maintenance			(87)		(87)	
Other charges			(13)		(13)	
Total nonoperating revenue (expenses)	10,891	6,677	92,968	655	111,191	1,644
Loss before Capital Contributions and Transfers	(11,202)	(7,468)	(3,972)	(1,217)	(23,859)	(2,926)
Capital contributions	5,052		2,889		7,941	
Transfers in	41,923	8,139		13	50,075	5,978
Transfers out	(31,709)	(343)		(187)	(32,239)	
Change in net assets	4,064	328	(1,083)	(1,391)	1,918	3,052
Total Net Assets at Beginning of the Year, as Previously Reported	23,592	9,747	51,617	24,514	109,470	(48,596)
Adjustments to beginning net assets (Note 2)			(901)		(901)	
Total Net Assets at Beginning of the Year, as Restated	23,592	9,747	50,716	24,514	108,569	(48,596)
Total Net Assets at End of Year	$ 27,656	10,075	49,633	23,123	110,487	(45,544)

Reconciliation of enterprise funds change in net assets to statement of activities:

Change in net assets of enterprise funds.	$ 1,918
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(73)
Change in net assets of business-type activities (page 21)	$ 1,845

* Housing Authority Fund reported as of March 31, 2005.

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(In Thousands)

	Enterprise Funds					
	County Hospital	Health Maintenance Organization	Housing Authority*	Nonmajor	Total	Internal Service
Cash Flows from Operating Activities:						
Cash received from customers/other funds	$ 267,778	128,735	4,304	5,914	406,731	49,638
Cash payment to suppliers for goods and services	(94,404)	(133,394)	(88,681)	(2,614)	(319,093)	(48,116)
Cash payment to employees for services	(189,697)	(8,359)	(9,344)	(2,369)	(209,769)	
Net Cash Provided by (Used for) Operating Activites	(16,323)	(13,018)	(93,721)	931	(122,131)	1,522
Cash Flows from Noncapital Financing Activities:						
State and federal grants	20,379	6,677	98,260	723	126,039	
Interest received			64		64	
Debt issued			21,790		21,790	
Debt payments			(112)		(112)	
Extra ordinary maintenance			(88)		(88)	
Transfers in	41,923	8,139		13	50,075	5,978
Transfers out	(31,709)	(343)		(187)	(32,239)	
Due to other funds				368	368	
Net Cash Provided by Noncapital Financing Activities	30,593	14,473	119,914	917	165,897	5,978
Cash Flows from Capital and Related Financing Activities:						
Proceeds from long term borrowings			1,570		1,570	
Capital contributions	5,052		2,888		7,940	
Acquisition and construction of capital assets	(7,396)		(27,660)	(504)	(35,560)	
Interest paid	(8,729)		(217)	(80)	(9,026)	
Lease purchase obligation principal payment	(210)			(385)	(595)	
Principal paid on bonds and certificates	(3,220)		(62)		(3,282)	
Landfill post closure liability	557				557	
Payment on other noncurrent obligations	(2,891)			(313)	(3,204)	
Net Cash Used for Capital and Related Financing Activities	(16,837)		(23,481)	(1,282)	(41,600)	
Cash Flows from Investing Activities:						
Interest received on investments				1	1	1,644
Net Cash Used for Investing Activities				1	1	1,644
Net Increase (Decrease) in Cash and Cash Equivalents	(2,567)	1,455	2,712	567	2,167	9,144
Cash and Cash Equivalents at Beginning of Year	62,892	32,931	3,946	1,193	100,962	75,625
Cash and Cash Equivalents at End of Year	$ 60,325	34,386	6,658	1,760	103,129	84,769

(continued)

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(In Thousands)

	Enterprise Funds					
	County Hospital	Health Maintenance Organization	Housing Authority*	Nonmajor	Total	Internal Service
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:						
Operating loss	$ (22,093)	(14,145)	(96,940)	(1,872)	(135,050)	(4,570)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and amortization	7,447	11	3,335	1,928	12,721	
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Accounts receivable and accrued revenue, net	3,658	(694)	256	(165)	3,055	(949)
Inventories	92			3	95	
Due from other funds	1,037	687	(98)	10	1,636	484
Prepaid items and deposits	2,375	55	40	37	2,507	
Deferred charges	(1,230)				(1,230)	
Other receivable			291		291	
Interest receivable			8		8	
Increase (decrease) in:						
Accounts payable and accrued liabilities	2,150	665	(866)	158	2,107	6,562
Employee benefits payable	1,407	217		36	1,660	
Due to other funds	(3,435)	182	103	776	(2,374)	(5)
Deferred revenue	(8,133)		(161)		(8,294)	
Tenants deposit			(31)		(31)	
Compensated absences	402	4	(31)	20	395	
FSS escrows			177		177	
Accrued salaries			115		115	
Interest payable			81		81	
Net Cash Provided by (Used for) Operating Activities	$ (16,323)	(13,018)	(93,721)	931	(122,131)	1,522
Noncash capital financing activities						
Change in accrued interest	$ 38			15	53	
Debt amortization	797				797	

(concluded)

* Housing Authority Fund reported as of March 31, 2005.
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2005

(In Thousands)

	Pension Trust*	Investment Trust	Private-Purpose Trust	Agency
Assets:				
Cash and investments	$ 3,835,285	1,270,108	9,621	$ 141,169
Cash collateral - securities lending	332,938			
Receivables	331,736		192	22,842
Due from other governments	5,245	3,290	58	7,801
Taxes receivable				123,361
Prepaid items and deposits	468			
Capital assets, net	215			
Total assets	4,505,887	1,273,398	9,871	$ 295,173
Liabilities:				
Warrants outstanding		69,212		$ 44,910
Accounts payable and accrued liabilities	453,592		14	43,869
Employee benefits payable	741			
Due to other governments		3,572		24,028
Deposits payable			7	
Security lending	332,938			
Unapportioned taxes				89,965
Tax loss guarantees				23,134
Due to other agencies and districts				69,267
Total liabilities	787,271	72,784	21	$ 295,173
Net Assets:				
Held in trust for:				
Employees' pension benefits	3,718,616			
Participation in individually directed investment accounts		1,200,614	9,850	
Total net assets	$ 3,718,616	1,200,614	9,850	

* Pension Trust Fund reported as of December 31, 2004.

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Pension Trust*	Investment Trust	Private-Purpose Trust
Additions:			
Employer contributions	$ 118,245		
Plan member contributions	65,297		
Contributions to investment accounts		3,304,951	
Other revenue			15,693
Net investment income	436,055	5,302	68
Investment expense	(20,042)		
Total additions	599,555	3,310,253	15,761
Deductions:			
Benefits paid	178,979		
Refunds of contributions	909		
Distribution from investment accounts		3,208,790	
Administrative and other expenses	5,496		748
Prepayment discount	4,089		
Membership withdrawal	4,681		
Other	280		10,918
Total deductions	194,434	3,208,790	11,666
Change in net assets	405,121	101,463	4,095
Net Assets Held In Trust at Beginning of Year, as Previously Reported	3,313,495	1,098,212	2,728
Adjustments to beginning net assets (Note 2)		939	3,027
Net Assets Held In Trust at Beginning of Year, as restated	3,313,495	1,099,151	5,755
Net Assets Held In Trust at End of Year	$ 3,718,616	1,200,614	9,850

*Pension Trust Fund reported as of December 31, 2004.

See accompanying notes to the basic financial statements.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Contra Costa conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies:

A. Definition of Reporting Entity

The county is a political subdivision created by the state of California. As such, it can exercise powers specified by the constitution and statutes of the state. The county is governed by a five member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the county. The county provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the county (primary government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and relationship with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the county's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the county.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the county's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements since it does not have a shared governing body nor is it of exclusive or almost exclusive benefit to the primary government.

For financial reporting purposes, the county's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the county's Board.

Blended Component Units

Housing Authority of the County of Contra Costa

The Housing Authority of the County of Contra Costa (Housing Authority) was established to provide housing for the county's low and moderate income residents. Its board members are the same as the county Board of Supervisors. The financial activities of the Housing Authority are reported as an enterprise fund. The fiscal year of the Housing Authority ends on March 31st and its financial activities are reported as of that date. The Housing Authority has two discretely presented component units that have been blended with the Housing Authority in this report. Because the discretely

presented component units have fiscal year ends of December 31, elimination entries have not been made.

Contra Costa County Redevelopment Agency

The Contra Costa County Redevelopment Agency (RDA) was established for the purpose of redeveloping certain areas of the county designated as project areas. Its board members are the same as the county Board of Supervisors. The financial activities of the RDA are included in the special revenue, debt service, and capital projects funds and are reported as nonmajor governmental funds.

County of Contra Costa Public Facilities Corporation

The County of Contra Costa Public Facilities Corporation (PFC) was established to provide financing for the acquisition, construction, improvement and remodeling of public buildings and facilities for the county. The county appoints a voting majority of the governing board and is able to impose its will on the PFC. The County Hospital Enterprise Fund includes activities of the PFC.

County of Contra Costa Public Financing Authority

The County of Contra Costa Public Financing Authority (PFA) is a joint powers authority consisting of the county and the RDA. The PFA was established to provide for the financing of public improvements, obligations, working capital and liability or other insurance programs of the county and the RDA. The members of the county Board of Supervisors also serve as the Directors of the PFA. The activities of the PFA are included in a debt service fund which is reported as part of the nonmajor governmental funds and in the County Hospital Enterprise Fund.

Contra Costa County Employees' Retirement Association

The Contra Costa County Employees' Retirement Association (CCCERA) was established to provide retirement benefits to employees of the county and other member agencies. The CCCERA provides a majority of its services for the benefit of the county and, therefore, is reported as a pension trust fund in the basic financial statements. The fiscal year of the CCCERA ends on December 31st and its financial activities are reported as of that date.

In-Home Supportive Services Public Authority

The Contra Costa County Board of Supervisors, pursuant to Welfare and Institutions Code Section 12301.6, established the In-Home Supportive Services Public Authority (IHSS). IHSS provides screening, training and referral of in-home supportive service providers and assists recipients in finding qualified persons to assist eligible individuals who are unable to care for themselves at home. Its board members are the same as the county Board of Supervisors. The activities of the IHSS are included in a special revenue fund which is reported as part of the nonmajor governmental funds.

Special Districts and Service Areas

The county has 37 agencies referred to as county special districts and service areas. Each is established by the county for the purpose of providing specific services in a defined geographic area.

Their board members are the same as the county Board of Supervisors. The 37 agencies and the special revenue fund in which each is included are: Contra Costa County Fire Protection District; Other Fire Protection – Crockett-Carquinez Fire Protection District and East Contra Costa County Fire Protection District; Flood Control - Flood Control District, Storm Drainage District, Storm Drain Maintenance District No. 4 and Storm Drain District No. Z-16; Health and Sanitation - Sanitation Districts Nos. 5 and 6; Service Areas - Service Areas D-2, EM-1, L-100, LIB-2, LIB-10, LIB-12, LIB-13, M-1, M-16, M-17, M-20, M-23, M-28, M-29, M-30, M-31 R-4, R-7A, R-9, R-10, RD-4 and Discovery Bay West Parking District; Law Enforcement - Service Areas P-1, P-5 and P-6, P-2A, P-2B; Other Special Revenue - Contra Costa County Water Agency. These special revenue funds are reported as nonmajor governmental funds, with the exception of the Contra Costa County Fire Protection District, which is now reported as a major governmental fund.

Discretely Presented Component Unit

First 5 Contra Costa Children and Families Commission

The First 5 Contra Costa Children and Families Commission (formerly the Contra Costa Children and Families First Commission) was established to implement the provisions of Proposition 10, adopted by the voters in 1998. Proposition 10 added Division 108 (commencing with California Government Code Section 130100) to the California Health and Safety Code. It provides for a state tax on the sale of tobacco products and also provides that this revenue be spent for early childhood development programs by the Commission. The county Board of Supervisors appoints all nine members (and nine alternate members) of the Commission. Two members of the Board of Supervisors serve on the Commission. However, the Commission hires its own employees including an Executive Director and functions independent of the county. The Commission provides most of its services directly to the citizens of the county. The financial activity of the Commission is reported in separate columns on the government-wide financial statements.

Complete audited financial statements are issued separately for each of the individual component units listed below and may be obtained at the unit's administrative offices as follows:

Housing Authority of the County of Contra Costa
3133 Estudillo Street, Martinez, CA 94553

County of Contra Costa Public Facilities Corporation
1220 Morello Ave., Suite 100, Martinez, CA 94553

County of Contra Costa Public Financing Authority
651 Pine Street, 6th Floor, Martinez, CA 94553

Contra Costa County Redevelopment Agency
2530 Arnold Drive, Suite 190, Martinez, CA 94553

Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221, Concord, CA 94520

First 5 Contra Costa Children and Families Commission
1340 Arnold Drive, Suite 125, Martinez, CA 94553

B. New Accounting Pronouncements Implemented During the Year

The county adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

GASB Statement No. 40, *Deposit and Investment Risk Disclosures, (an amendment of GASB Statement No. 3)* updates the custodial credit risk disclosure requirements of Statement No. 3 and establishes more comprehensive disclosure requirements addressing other common risks of deposits and investments of state and local governments, such as credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

C. Basis of Presentation

Government-wide Financial Statements

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* mandates the presentation of two basic government-wide financial statements, the *Statement of Net Assets* and the *Statement of Activities.* The statement of net assets and statement of activities display information about the primary government (the county) and its component units. The statement of net assets and statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statement of net assets and statement of activities also distinguish between the *governmental* and *business-type activities* of the county and between the county and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

For presentation in the statement of net assets and statement of activities, all of the internal service fund account balances are allocated to governmental activities except for the medical liability insurance fund which is allocated to business-type activities.

The statement of net assets reports the county's financial and capital resources, including infrastructure, as well as the county's long-term obligations. The difference between the county's assets and liabilities is its net assets. Net assets represent the resources that the county has available for use in providing services after its debts are settled.

The statement of activities presents a comparison between direct and allocated indirect expenses and program revenues for each function of the governmental activities and each segment of the business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, including fines and forfeitures, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, management has discretion as to which resources to apply. Generally, restricted resources are depleted before unrestricted. However, when prudent, unrestricted resources may be used first.

Fund Financial Statements

The fund financial statements provide information about the county's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The county reports the following as major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the county that are not accounted for through other funds. In addition to general administration, the General Fund includes such activities as public protection, health and sanitation, public assistance, education, and public ways and facilities.

- The *Contra Costa County Fire Protection District (CCCFPD) Special Revenue Fund* accounts for the financial aspect of the fire and emergency medical service activities provided by CCCFPD to nine cities and the certain unincorporated areas in the county. As requested by interested parties, the CCCFPD's financial activities have been separated from those of the county's other fire protection districts and are now reported as a major fund.

- The *Land Development Special Revenue Fund* reports the growth management related activities of the Building Inspection Department, Public Works Department, and the Community Development Department.

The county reports the following as major enterprise funds:

- The *County Hospital (the Hospital)* accounts for hospital operations involved in providing health services to county residents. Revenues are principally fees for patient services, payments from federal and state programs such as Medicare, Medi-Cal and Short-Doyle, realignment revenues, and subsidies from the General Fund.

- The *Health Maintenance Organization* accounts for the operations of the county's prepaid health plan. Revenues are primarily capitation payments by Medicare and Medi-Cal, premiums by private citizens and realignment revenues.

- The *Housing Authority* accounts for the financial resources designated for housing and housing assistance to low income residents of Contra Costa County.

The county reports the following additional fund types:

- *Internal Service Funds* account for the county's self-insurance programs – employee dental insurance, long-term disability insurance, workers' compensation insurance, automotive liability

insurance, general liability insurance, state unemployment insurance, medical liability insurance, and special district property insurance, on a cost-reimbursement basis.

- The *Pension Trust Fund* accumulates contributions from the county, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the CCCERA.

- The *Investment Trust Fund* accounts for the assets of legally separate entities who make directed investments through the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. This fund represents the assets, primarily cash and investments, and the related obligation of the county to disburse these monies on demand.

- The *Private-Purpose Trust Fund* accounts for assets held in trust for the benefit of individuals, private organizations, and other governments.

- *Agency Funds* account for assets pending transfer or distribution to individuals, private organizations or other governmental entities held by the county in an agency capacity. Included in these funds are the Unapportioned Taxes Fund and the Tax Losses Reserve Fund, which provide controls necessary for the county to manage property taxes under the Teeter Plan (see section M of this note).

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the county is giving (or receiving) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

For its business-type activities and enterprise funds, the county has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America for governmental units. The

county has elected not to follow subsequent private-sector guidance of the Financial Accounting Standards Board after November 30, 1989.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes are accrued when their receipt occurs within sixty days after the end of the accounting period, all other revenues, the majority of which are from the state and federal government are accrued when their receipt occurs within one year after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are generally recorded when payment is due. However, where resources have been provided during the current year for payment of interest due early in the following year, the expenditure and related liability are accrued. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, their equity in the County Treasurer's internal pool, and cash restricted for repayment of debt or as reserves to be cash equivalents.

F. Investments

Investment transactions are recorded on the trade date. Investments in non-participating interest-earning investment contracts (certificates of deposit and guaranteed investment contracts) are stated at cost, and all other investments are stated at fair value. Fair value is defined as the amount that the county could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices.

Under GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, the Pension Trust Fund reports its investments at fair value and includes both realized and unrealized gains and losses on investments in its statement of changes in net assets. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided

by real estate investment funds, generally using periodic independent appraisals, and alternative investment managers. All investment purchases and sales are recorded on the trade date.

The public school districts, cemetery districts, pest control districts, recreation and park districts and resource conservation districts within the county are required by legal provisions to maintain their cash and investments with the County Treasurer. The County Treasurer individually maintains directed investment accounts for those districts, and the cash and investments held are included in the Investment Trust Fund.

G. Inventories and prepaid items

Inventories are valued at cost, which approximates market. Governmental fund inventories are maintained using the weighted average method. Proprietary fund inventories are maintained using the first-in, first-out method. The costs of governmental fund inventories and proprietary fund inventories are recorded as expenditures/expenses at the time individual items are consumed rather than when purchased. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that a portion of the fund balance is not available for future appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Notes Receivable

Generally loans are either deferred or collected on a residual receipts basis with all remaining principal and interest due on the earlier of the due date of the note or sale or transfer of property. Any repayment of principal or interest is treated as program income, the use of which is restricted by federal regulations. As such, notes receivable are recorded with an offset to deferred revenue in the fund financial statements because the amounts are unavailable. The notes receivable balances in the General Fund consist of loans made with funds provided to the county under the U.S. Department of Housing and Urban Development programs. The loans are made to carry out activities for affordable housing and economic development.

I. Prepaid Pension Asset

A prepaid pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL). On March 1, 1994, the county made a payment of $333,724,000 to CCCERA from the proceeds of the issuance of pension obligation bonds to reduce the county's UAAL as calculated at that time. On May 1, 2003, the county made another payment of $319,095,000 to CCCERA from the proceeds of an additional issuance of pension obligation bonds to reduce the county's UAAL as recalculated, due primarily to the effect of the enhanced pension granted in 2002.

Each component of the prepaid pension asset will be amortized over a fifteen year period. (See Note 14.)

J. Restricted Assets

The county's restricted assets represent cash and investments of the General Fund, County Hospital Enterprise Fund, Permanent Fund, and certain nonmajor governmental funds restricted for debt repayments in accordance with restrictions and limitations of the various bond indentures. The Housing Authority Enterprise Fund's restricted assets represent cash and investments that consist of tenant deposits held in escrow and capital lease funds not yet spent on capital assets. The nonmajor enterprise fund's restricted assets represent funds for Airport capital projects not yet spent. All of the noted cash and investments are included in Note 4.

K. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting systems, drainage systems, and flood control. The capitalization threshold for infrastructure is $25,000. The capitalization threshold for buildings is $100,000. The capitalization threshold for equipment and vehicles is $5,000. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the activities within the government-wide financial statements, proprietary funds and the pension trust fund.

The estimated useful lives are as follows:

Infrastructure	25-50 years
Buildings	25-40 years
Improvements	10-20 years
Equipment and vehicles	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Interest is capitalized on construction in progress in the proprietary funds in accordance with Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. Accordingly, interest capitalized is the total interest cost from the date of the borrowing net of any allowable interest carried on temporary investments of the proceeds of those borrowings until the specified asset is ready for its intended use.

L. Bond and Certificate of Participation Discounts, Issuance Costs, and Deferred Amounts on Refundings

In governmental fund financial statements, bond and certificate of participation discounts, issuance costs, and deferred amounts on refundings are recognized in the period incurred. In the government-wide and proprietary fund financial statements, these charges are deferred and amortized over the term of the issuance using the straight-line method, which approximates the effective interest method.

M. Property Tax Levy, Collection, and Maximum Rates

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property situated in the county. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. State code requires tax rates to be set no later than the first workday in September unless the Board of Supervisors elects to extend the deadline to October 3rd. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (January 1st), and become delinquent if unpaid by August 31st.

Supplementary taxes that have been collected but unapportioned at year-end and unsecured taxes collected in advance are reported as unapportioned taxes in the Unapportioned Taxes Agency Fund. Secured property taxes are recorded as revenue in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by the California Revenue and Taxation Code Section 4701 et al (The Teeter Plan). This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1st of each year.

Under the alternate apportionment method, specified amounts of penalties and interest collected on delinquent secured taxes are held in the Tax Losses Reserve Agency Fund (TLRF). This reserve is used to offset the impact of accumulated delinquency remaining at year-end. The county's management believes that any ownership rights to the TLRF the county may have are effective only upon transfer or to the extent of losses related to the sale of tax defaulted property. The county has the authority to transfer any amounts in the fund that exceed a legally defined threshold, which was $6,649,000 at June 30, 2005. The year-end balance in the TLRF was $23,134,000. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the county's Teeter Plan.

N. Interfund Transactions

Interfund transactions are reflected as either loan, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either "due to/from other funds" (i.e., the current portion of

interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

O. Compensated Absences and Sick Leave

Under terms of union contracts and various Board resolutions, county employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation hours. Employees are not reimbursed for accumulated sick leave except management employees who are eligible for a payoff of unused sick leave accruals at resignation. Management employees must have a balance of at least 70.0 percent of their sick leave accruals and have been employed three years or more to be eligible for this benefit. The maximum amount payable under this Sick Leave Incentive Plan is 50.0 percent of accrued sick leave, however, the amount of sick leave payable is considered de minimis. Accordingly, no accrual for sick leave has been made in the accompanying basic financial statements.

Compensated absences at June 30, 2005, are valued at $46,759,000, which includes $30,525,000 attributable to the General Fund, $6,403,000 attributable to the Special Revenue Funds, $9,017,000 recorded in Enterprise Funds, $73,000 recorded in the Component Unit, and $741,000 recorded in the Pension Trust Fund. Amounts attributable to the General Fund, Special Revenue Funds, and Component Unit are expected to be claimed in future periods and paid with future resources from those funds. Accordingly, this liability is reflected in the government-wide statement of net assets. In the proprietary funds and the Pension Trust Fund, compensated absences are recorded as an expense and liability as the benefits accrue to employees. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes and workers' compensation premiums.

P. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. FUND EQUITY

A. Restatement of Fund Equity/Net Assets

Nonmajor Governmental and Investment Trust Adjustment

Previously, the county had included the Service Area M-8 Byron Fund as a Service Area Special Revenue Fund. The county has determined that this fund no longer meets the definition of a special revenue fund and it is now being reported as part of the Investment Trust Funds because the Byron service area was dissolved and through an agreement, it was taken over by the Discovery Bay District. This fund reclassification amounted to $939,000.

Housing Authority Enterprise Adjustment

During the prior fiscal year, the Housing Authority recognized the demolition of one of its Public Housing developments. Depreciation was removed from the books of accounts which equaled the historical cost of the property. This property had not been fully depreciated. A prior period adjustment in the amount of $859,000 was posted during the current fiscal year to correct depreciation and to recognize the loss due to demolition of real property.

In November 2004, the Housing Authority received the HUD approved settlement statement for the Housing Choice Voucher Program for the fiscal year ended March 31, 2004. This settlement statement increased HUD annual contributions earned by $98,000. As a result, the Housing Authority has reported a prior period adjustment for the increase of federal funds received from HUD for the fiscal year ended March 31, 2004.

In February 2005, the Housing Authority received the HUD approved settlement statement for the Section 8 Moderate Rehabilitation Program for the fiscal year ended March 31, 2004. This settlement decreased HUD annual contributions earned by $1,000. As a result, the Housing Authority has reported a prior period adjustment for the decrease of federal funds received from HUD for the fiscal year ended March 31, 2004.

The prior period adjustment in the amount of $139,000 of the Housing Authority discretely presented component units is an adjustment for syndication costs segregated from capital assets as of January 1, 2004.

Private Purpose Trust

During the course of an audit, it was learned that the County Conservator/Public Guardian had an escrow bank account that was not included on the county's financial statements. We have incorporated the $3,027,000 in the Private Purpose Trust Fund net assets.

First 5 Contra Costa Children and Families Commission

For the fiscal year ended June 30, 2004, the First 5 Contra Costa Children and Families Commission incorrectly reported $294,000 of grant revenues that had not been earned as of June 30, 2004. Additionally, a prior period adjustment is needed to accrue $69,000 compensated absences that occurred prior to July 1, 2004.

Summary

The impact of the restatements on the fund balances/net assets at July 1, 2004, is presented below (in thousands):

	Nonmajor Govern-mental	Housing Authority Enterprise	Investment Trust	Private Purpose Trust	First 5 Contra Costa Children and Families
Fund balances/net assets, as previously reported	$ 285,378	51,617	1,098,212	2,728	44,980
Fund reclassification	(939)		939		
Demolition of one of its Public Housing developments		(859)			
November 2004 HUD settlement statement		98			
February 2005 HUD settlement statement		(1)			
Adjustment of the discreetly presented component units for syndication costs segregated from capital assets as of January 1, 2004.		(139)			
Addition of the Conservator/ Public Guardian bank account				3,027	
Grant revenue that was reported in fiscal year ended June 30, 2004, was not earned until fiscal year ended June 30, 2005.					(294)
Compensated absences that accrued prior to July 1, 2004.					(69)
Fund balances/net assets, as restated	$ 284,439	50,716	1,099,151	5,755	44,617

B. Reserve for Prepaid Items and Deposits

Reserves are less than total prepaid items and deposits because the General Fund advanced $191,000 to subgrantees, which will use the funds for federal programs during fiscal year 2005-2006. As funds are spent, the federal government reimburses the county.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for all governmental funds except the Public Financing Authority Debt Service Fund, the Assessment Districts Debt Service Fund, and the Assessment Districts Capital Projects Fund. All annual appropriations lapse at fiscal year end. GAAP serves as the budgetary basis of accounting.

Schedules of revenues, expenditures, and changes in fund balance-budget vs. actual are included in the required supplementary section of this report for the General Fund and all major special revenue funds.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Net Assets

The Child Development Special Revenue Fund, which is reported as part of the nonmajor governmental funds, had a fund balance deficit of $33,000 at June 30, 2005. The deficit was due to the prepayment of fiscal year 2005-2006 retirement cost. Reimbursement will be received from funding sources in fiscal year 2005-2006.

The Pension Bond Debt Service Fund, which is reported as part of the nonmajor governmental funds, had a year-end fund balance deficit of $1,933,000, a deficit reduction of $2,951,000 from the prior year. Additional increase in rates charged to the departments in fiscal year 2005-2006 will further reduce the deficit.

Three internal service funds had net assets deficits at June 30, 2005. The Medical Liability Insurance Fund had a deficit of $1,054,000. The county provided $4,000,000 in fiscal year 2004-2005 to reduce the deficit and it continues to improve from the $9,219,000 deficit reported for the year ended June 30, 1999. The Workers' Compensation Insurance Funds, County General and Fire Protection, had deficits of $47,883,000 and $10,087,000, respectively. The deficits in the Workers' Compensation Insurance Funds are symptomatic of the problems faced by self-insured government agencies in the state of California. Recent reforms have resulted in a reduction in costs. It is too soon to estimate the amount of savings on a long-term basis. The county has continued with appropriate department allocations to continue with the reduction in the deficit. The loss control program continues to show a reduction in the frequency of claims over the past fiscal year.

The Sheriff Law Enforcement Training Center Enterprise Fund (Training Center), which is reported as a nonmajor enterprise fund had a year-end deficit of $598,000. Although the fund deficit has increased from the prior year, the annual operating deficit has decreased every year since the Training Center began operations in fiscal year 2001-2002. In fiscal year 2003-2004, the Sheriff presented a

formal, multi-year plan to the Board of Supervisors to eliminate the deficit, which was approved. Implementing the plan, the Sheriff continues to increase the efficiency of operations and to offer new courses that will enhance the financial operations of the Training Center.

4. CASH AND INVESTMENTS

The cash balances of substantially all funds, except the Pension and Investment Trust Funds, are maintained in the county's internal pool and invested by the County Treasurer. Income from pooled investments is allocated to the funds based on average daily balances. As permitted by the California Government Code, legally separate entities that are not part of the county reporting entity also have individual investment accounts in the County Treasury. These investment accounts are separate from the pool and are reported in the Investment Trust Fund. Specific investments are acquired for those separate entities at their direction and the income from and changes in the value of these investments affect only the entity for which they were acquired. The CCCERA Board directs the investment activity of the Pension Trust Fund.

A. Summary of Cash and Investments

Cash and investments at June 30, 2005 (December 31, 2004, for the Pension Trust Fund and March 31, 2005, for the Housing Authority), are reported as follows (in thousands):

		Deposits	Investments	Total
From the Statement of Net Assets				
Primary Government	Cash and investments	$ 33,474	513,385	546,859
	Restricted cash and investments	3,103	94,200	97,303
First 5 Contra Costa Children and Families Commission	Cash and investments	128	47,401	47,529
From the Statement of Fiduciary Net Assets				
Pension Trust Fund	Cash and investments	21,425	3,813,860	3,835,285
	Cash collateral-securities lending		332,938	332,938
Investment Trust Fund	Cash and investments	19,723	1,250,385	1,270,108
Private-Purpose Trust Fund	Cash and investments	3,663	5,958	9,621
Agency Funds	Cash and investments		141,169	141,169
Total		$ 81,516	6,199,296	6,280,812

B. Investments (excluding the Pension Trust Fund)

Deposits

Deposits include bank deposits at a carrying amount of $77,119,000. The balance reported by various financial institutions was $85,087,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $1,713,000 was covered by federal depository insurance and $83,374,000 was collateralized by the pledging financial institutions as required by California Government Code Section 53652.

According to the California Government Code Section 53601, bank obligations such as certificates of deposit are considered investments. However, in accordance with generally accepted accounting principles in the United States of America, the county has classified certificates of deposit in the amount of $4,398,000 as deposits. Of the certificates of deposit balance, $1,590,000 was insured and $2,808,000 was collateralized by the pledging financial institutions as required by California Government Code Section 53652.

Under the California Government Code, a financial institution is required to secure deposits in excess of $100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the public agency's name. The county may waive collateral requirements for cash deposits, which are fully insured up to $100,000 by the Federal Deposit Insurance Corporation. The county, however, has not waived the collateralization requirements.

The county follows the practice of pooling cash of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated on a quarterly basis to the various funds based on the quarterly average cash balances. Interest income from cash with fiscal agent is credited directly to the related fund.

Authorized Investments

Under provisions of the county's investment policy, the county may invest in the following:

Bonds and notes issued by local agencies.

U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

Registered state warrants or treasury notes or bonds issued by the state of California.

Bonds, notes, warrants, or other evidence of debt issued by a local agency within the state of California.

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments.

Bankers acceptances with a term not to exceed 180 days.

Prime commercial paper not to exceed 270 days and the highest ranking or the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO).

Negotiable certificates of deposit issued by nationally-chartered or state-chartered banks or a savings association or federal association, a state or federal credit union, or by a state-licensed branch of a foreign bank.

Repurchase/reverse repurchase agreements of any securities authorized by the California Government Code Sections 5922 and 53601 et seq. Securities purchased under these agreements shall be no less than 102 percent of market value. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.

Medium-term notes with a maximum maturity of five years issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating within the United States.

Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations.

The Local Agency Investment Fund (LAIF) maintained by the state of California.

Any pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, or consumer receivable-backed bond with a maximum maturity of five years.

Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest.

Moneys held by a trustee or fiscal agent and pledged to the payment of security bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements.

Insured demand and savings deposits, provided that deposits in excess of the insured amounts must be 10 percent collateralized by federal securities. (Housing Authority)

Insured money market accounts. (Housing Authority)

Insured super NOW accounts, provided the deposit in excess of insured amount must be 100 percent collateralized by federal securities. (Housing Authority)

Sweep accounts that are 100 percent collateralized by federal securities. (Housing Authority)

Funds held under the terms of a trust indenture or other contract or agreement including HUD/PHA annual contributions contract, may be invested according to the provisions of those indentures or contracts.

Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to losses arising from rising interest rates, the county's investment policy provides that final maturities of securities cannot exceed five years, unless the County Board of Supervisors (Board) has granted express authority to make that investment either

specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

At June 30, 2005, the county (March 31, 2005, for the Housing Authority) excluding CCCERA investments (as of December 31, 2004, which are shown on page 55), had the following investments and maturities (in thousands):

		Investment Maturities				
Investment Type:		Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Fair Value Total
U.S. Treasury notes & bonds	$	36,123	15,909	2,758	680	55,470
U.S. agencies - (FHLB, FNMA, FFCB, FHLMC)		207,997	56,781	6,717		271,495
CHFA		584				584
Medium-term notes		2,100	3,500			5,600
Corporate notes		9,125	4,800			13,925
Municipal bonds			355	1,425		1,780
Asset backed securities			2,504			2,504
Repurchase agreements		465,595				465,595
Commercial paper		329,493				329,493
Negotiable certificates of deposit		85,000				85,000
Guaranteed investment contracts		46,887	100,625		9,528	157,040
Mutual funds		104,294				104,294
LAIF		547,210				547,210
CAMP		12,387				12,387
Local obligation bond		8	18	20	75	121
Total	$	1,846,803	184,492	10,920	10,283	2,052,498

As of June 30, 2005, the portfolio contains $16,630,000 of callable U.S. Agencies, representing .081 percent of investments at June 30, 2005.

Credit Risk. State law limits investments in commercial paper with an A1 and all other investments with an investment grade rating issued by nationally recognized statistical rating organizations (NSROs). It is the county's policy to limit its investments in these investment types to the top rating issued by NSROs including raters Standard and Poor's, Fitch Ratings, and Moody's Investors Service.

The following schedule lists the types of investments and the range of credit ratings as rated by Standard and Poor's:

Investment Type:		Fair Value (in thousands)	Quality Rating Range
U.S. Treasury notes, strips, bills	$	53,470	AAA
U.S. Treasury notes, strips, bills		2,000	Not rated
Federal Home Loan Bank (FHLB)		95,117	AAA to A-1+
Federal National Mortgage Association (FNMA)		109,042	AAA to A-1+
Federal Farm Credit Bank (FFCB)		8,517	AAA
Federal Home Loan Mortgage-Corp (FHLMC)		58,819	AAA to A-1+
California Housing Finance-Agency (CHFA)		584	Not rated
Medium-term notes		5,600	AAA to A+
Corporate notes		13,925	AA- to A
Municipal bonds		1,780	AAA
Asset-backed securities		2,504	AAA
Repurchase agreements		465,595	Not rated
Commercial paper		328,043	A-1+ to A-1
Commercial paper		1,450	P-1*
Negotiable certificates of deposit		85,000	A-1+ to A-1
Guaranteed investment contracts		147,512	AAA to Aa2
Guaranteed investment contracts		9,528	Not rated
Mutual funds		93,939	AAAm
Mutual funds		10,355	Not rated
LAIF		547,210	Not rated
CAMP		12,387	Not rated
Local obligation bond		121	Not rated
Total	$	2,052,498	

* As rated by Moody's Investor Service

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. There are no county investments in which the securities are held by the investment's counterparty, not in the name of the county.

Other Financial Instruments

In accordance with California statutes, the county may invest in a wide variety of investment instruments, including asset-backed securities, such as: collateralized mortgage obligations and principal-only strips and forward contracts.

The Treasurer holds principal-only strip instruments for the benefit of some county school districts. Those school districts utilize the services of an independent financial advisor in determining their investment strategy. As of June 30, 2005, the county's portfolio included $2,953,000 of strip instruments.

The county's investments with the Local Agency Investment Fund (LAIF), a state of California investment pool, at June 30, 2005, included a portion of the pool funds invested in structured notes and asset-backed securities, as follows:

> Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
>
> Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2005, the county had $543,389,000, the Housing Authority (March 31, 2005) had $1,164,000 and the fiscal agents had $2,657,000 invested in LAIF which had invested 2.406 percent of the pool investment funds in structured notes and asset-backed securities.

The derivative information for the various mutual funds in which the county had investments is not available.

At June 30, 2005, the amount of assets restricted by legal and contractual requirements was as follows (in thousands):

	Governmental Activities		Business-type Activities		
	General Fund	Nonmajor Governmental Funds	County Hospital	Housing Authority	Nonmajor Enterprise Funds
Lease purchase	$ 1,813				
Pension obligation bond		9,276			
Nonexpendable portion of permanent fund		1,729			
Bond proceeds, housing projects, and debt services		55,471			
Public Financing Authority					
1997 Certificate of participation		2,770			
1998 Lease revenue bond		1,793			
1999 Lease revenue bond		3,623			
2001A & 2001B Lease revenue bonds		566			
2002A & 2002B Lease revenue bonds		369			
2003 Lease revenue bond		2,685			
Pleasant Hill BART bond reserve 1987-1 reserve account		448			
San Ramon bond reserve 1989-1 reserve account		37			
Kensington reserve fund AD 91-1 reserve account		229			
San Pablo bond reserve AD 91-3 reserve account		24			
Pleasant Hill BART RFD 98 reserve account		473			
Norris Canyon 2001-1 reserve account		541			
Pleasant Hill BART RFD 98 construction/ improvement bond		3,293			
Kensington construction/improvement bond AD 91-1		23			
PFC servicing Hospital debt			10,850		
Capital lease funds that have not been spent, operating revenues required by lender, and funds held on behalf of its clients.				1,271	
Restricted program money					19
Total restricted assets	$ 1,813	83,350	10,850	1,271	19

County management believes that the county is in compliance with all significant terms of its debt agreements and all state statute requirements.

C. Pension Trust Fund Deposits and Investment Risk Disclosures

In March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. Adoption of this statement will have no material impact on CCCERA's financial statements. CCCERA did not early implement GASB Statement No. 40 but has rewritten this footnote to include CCCERA's GASB Statement No. 40 disclosures for the county's June 30, 2005, financial statements.

Deposits

At year-end, the carrying amount of CCCERA's cash deposits was $218,000 (which are included in cash equivalents) and the bank balance was $641,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $200,000 was covered by federal depository insurance, and $441,000 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of $100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a institution's trust department or agent in CCCERA's name.

Investment Stewardship

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest and delegate CCCERA to invest the assets of CCCERA through the purchase, holding, or sale of any form or type of instruments, or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an investment policy, which places limits on the compositional mix of cash, fixed income, equity securities, alternative investments and real estate investments. CCCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

As permitted by the Government Code, CCCERA directs the County Treasurer to make specific investments on behalf of CCCERA. Investments made by the County Treasurer are subject to regulatory oversight by the County's Treasury Oversight Committee, as required by the California Government Code Section 27134.

Industry Concentrations of Portfolio Assets

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented five percent or more of plan net assets.

Investment Risk

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk and foreign currency risk. The following describes those risks.

Interest Rate Risk. The fair value of fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those investments. The fair value of interest sensitive instruments may also be affected by

the creditworthiness of the issuer, prepayment options, relative values of alternative investments and other general market conditions. Certain fixed maturity investments may have call provisions that could result in shorter maturity periods.

The following schedule is a list of fixed income and short term investments and the related maturity schedule for CCCERA as of December 31, 2004:

	Investment Maturities				
Investment type	Less than 1 year	1-5 years	6-10 years	More than 10 years	Fair Value Total
Collateralized mortgage-backed securities (CMBS)	$ 403	10,201	23,748	126,020	160,372
Collateralized mortgage-obligations		6,609	4,921	61,812	73,342
Commercial paper	117,363				117,363
Corporate bonds	5,720	41,472	113,488	22,565	183,245
Private placements	122,766	48,569	149,125	32,887	353,347
Short term investment-fund instruments	11,239			53,328	64,567
U.S. Treasury notes & bonds	39,109	204,893	74,118	55,306	373,426
U.S. agencies - (GNMA, FNMA, FHLMC)	107,334	29,661	4,941	147,413	289,349
Total	$ 403,934	341,405	370,341	499,331	1,615,011

Custodial Credit Risk. For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counter party fails. At year end, CCCERA has no custodial credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2004 is $325,780,000, which was collateralized by cash in the amount of $332,938,000.

Credit Risk. CCCERA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions and defraying reasonable expenses of administering the Trust. Investments should be diversified so as to minimize the risk of loss and to maximize the rate of return unless under the circumstances it is clearly prudent not to do so. Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, for example, the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations.

Fixed maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and often referred

to as "high-yield." This is due to the fact that lower rated debt securities generally carry a higher interest rate to compensate the buyer for taking on additional risk.

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short term investments as of December 31, 2004, as rated by Standard and Poor's:

Quality Rating		Fair Value (in thousands)
AAA	$	983,298
AA+		10,770
AA		59,513
AA-		25,975
A+		67,755
A		15,939
A-		7,481
BBB+		7,332
BBB		31,459
BBB-		14,986
BB+		9,395
BB		35,263
BB-		26,786
B+		25,514
B		25,554
B-		23,893
CCC+		4,495
CCC		2,743
CCC-		514
CC		26
NR		236,320
Total	$	1,615,011

The following is a schedule of credit quality ratings by type of CCCERA's fixed income and short term investments as of December 31, 2004, as rated by Standard and Poor's:

Investment Type	Quality Rating Range
Asset-backed securities*	AAA to AA+
Convertible bonds*	AAA to CCC-
CMBS*	BB+ to B-
Mortgaged backed securities*	AAA to CCC-
Municipals	AAA to AA
Private placements	AAA to BB-
Real estate investment trust*	B+
Repurchase agreement	AAA
Short term*	A-1 to A-1
U.S. agencies*	AAA to AA-
Bond unit	Not rated
Mutual funds	Not rated

* Investment type contained one or more investments that were not rated.

Foreign Currency Risk. The risk that changes in exchange rates will adversely affect the fair value of an investment. CCCERA's external investment managers may invest in international securities and must follow CCCERA's investment guidelines pertaining to these types of investments. CCCERA's exposure to foreign currency risk is as follows:

Currency		Fair Value (in US$) (in thousands)
Argentine peso	$	9
Australian dollar		7,282
Brazilian dollar		2,644
British pound		42,500
Canadian dollar		7,893
Chilean peso		59
Columbian peso		114
Czech koruna		307
Danish krone		2,447
Egyptian pound		160
Euro currency		146,272
Hong Kong dollar		5,742
Hungarian forint		363
Indian rupee		4,755
Indonesian rupiah		1,290
Israel shekel		273
Japanese yen		80,735
Malaysian ringgit		2,727
Mexican peso		1,698
Moroccan dirham		27
New Zealand dollar		9
Norwegian krone		1,644
Philippine peso		151
Polish zloty		1,083
Singapore dollar		2,432
South African rand		2,711
South Korean won		8,987
Swedish krona		7,503
Swiss franc		17,835
Taiwan new dollar		6,508
Thai baht		314
Turkish lira		1,207
Total	$	357,681

The following schedule is a list of equity investments for CCCERA as of December 31, 2004:

		Fair Value (in thousands)
Domestic stocks	$	1,230,584
International stocks		515,663
Real estate		105,045
Mutual funds		593,866
Private equity		72,640
Natural resource funds		13,989
Total	$	2,531,787

5. RECEIVABLES

Receivables at year-end of the county's major individual funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows (in thousands):

Governmental Activities	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Internal Service	Total Governmental Activities
Taxes receivable	$ 3,830	1,462		628		5,920
Accounts receivable	126,300	1,101	615	16,022	3,028	147,066
Advances receivable	87					87
Gross receivables	130,217	2,563	615	16,650	3,028	153,073
Less: Allowance for uncollectibles	(4)					(4)
Total receivables (net)	$ 130,213	2,563	615	16,650	3,028	153,069

Business-type Activities	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor	Total Business-type Activities
Accounts receivable	$ 166,727	2,492	601	479	170,299
Less: Allowance for uncollectibles	(150,554)				(150,554)
Total receivables (net)	$ 16,173	2,492	601	479	19,745

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2005, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	Unavailable	Unearned
Governmental Activities:		
General:		
Notes receivable (Community Development Block Grant-CDBG- loans)	$ 43,238	
Advances not yet earned		15,615
Other receivables and advances		6,952
Resources received that do not yet meet the criteria for revenue recognition		270
CCC Fire Protection Special Revenue:		
Resources received that do not yet meet the criteria for revenue recognition	11	
Land Development Special Revenue:		
Other receivables and advances		30,733
Resources received that do not yet meet the criteria for revenue recognition	108	
Nonmajor:		
Notes receivable	10,727	
Advances not yet earned		1,159
Other receivables and advances		2,403
Resources received that do not yet meet the criteria for revenue recognition		78
Total Governmental Activities	$ 54,084	57,210
Business-type Activities:		
County Hospital:		
Resources received that do not yet meet the criteria for revenue recognition		$ 23,094
Housing Authority:		
Resources received that do not yet meet the criteria for revenue recognition		658
Total Business-type Activities		$ 23,752

6. INTERFUND TRANSACTIONS

A. Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2005, is as follows (in thousands):

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	CCC Fire Protection Special Revenue Fund	$ 251
	Land Development Special Revenue Fund	1,659
	Nonmajor Governmental Funds	34,074
	County Hospital Enterprise Fund	2,834
	Health Maintenance Organization Enterprise Fund	122
	Nonmajor Enterprise Funds	1,162
	Internal Service Funds	1,266
		41,368
CCC Fire Protection Special Revenue Fund	General Fund	353
	Nonmajor Governmental Funds	620
	County Hospital Enterprise Fund	1
	Internal Service Funds	42
		1,016
Land Development Special Revenue Fund	General Fund	305
	CCC Fire Protection Special Revenue Fund	4
	Nonmajor Governmental Funds	325
		634
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,003
	General Fund	2,435
	Land Development Special Revenue Fund	73
	County Hospital Enterprise Fund	69
	Health Maintenance Organization Enterprise Fund	2
	Nonmajor Enterprise Funds	2
	Internal Service Funds	3
		4,587

(continued)

Receivable Fund	Payable Fund	Amount
County Hospital Enterprise Fund	General Fund	1,977
	Land Development Special Revenue Fund	2
	Nonmajor Governmental Funds	476
	Health Maintenance Organization Enterprise Fund	5,834
	Internal Service Funds	66
		8,355
Health Maintenance Organization Enterprise Fund	General Fund	33
	County Hospital Enterprise Fund	4,902
	Nonmajor Enterprise Funds	837
		5,772
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	8
	General Fund	26
	County Hospital Enterprise Fund	1
		35
Internal Service Funds	Internal Service Funds	38
	General Fund	306
		344
Total		$ 62,111

(concluded)

The due to/from other funds account balances primarily resulted from interfund cash transactions recorded after the cash cut-off on June 30, 2005.

B. Advances To/From

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	$ 6,294
Total		$ 6,294

The advances to/from other funds account balances primarily resulted from interfund loans.

C. Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various county operations and re-allocations of special revenues. The following schedule briefly summarizes the county's transfer activity (in thousands):

Between Governmental and Business-type Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	County Hospital Enterprise	$ 40,996	Provide subsidy to cover portion of the County Hospital's operation.
	County Hospital Enterprise	15	Transfer funds to County Hospital Enterprise Fund for health service programs.
	Health Maintenance Organization Enterprise	8,139	Provide subsidy to cover a portion of the HMO's operation.
	Internal Service Funds	4,000	Transfer funds from the General Fund to the Medical Liability Internal Service Fund.
	Nonmajor Enterprise Funds	13	Transfer vehicle depreciation from the General Fund to the Airport Enterprise Fund.
Nonmajor Governmental Funds	County Hospital Enterprise	912	Transfer funds for reimbursement of Los Medanos project.
County Hospital Enterprise	General Fund	22,238	Transfer funds to reimburse the General Fund for intergovernmental transfer (IGT) payments.
	Nonmajor Governmental Funds	8,882	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	589	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
Health Maintenance Organization Enterprise	Nonmajor Governmental Funds	323	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	20	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.

(continued)

Transfer From	Transfer To	Amount	Purpose
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	172	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	8	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	General Fund	7	Transfer overtime costs to Sheriff Law Enforcement Training Center.
Total		$ 86,314	

(concluded)

Between Funds within the Governmental or Business-type Activities[1]:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 60	Provide annual subsidy to cover operating expenses of the Automated Warrant Identification Program.
	Nonmajor Governmental Fund	75	Transfer funds to the Library to pay operating expenses.
	Nonmajor Governmental Funds	36,032	Transfer a portion of Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	1,937	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	18	Transfer vehicle depreciation from General Fund.
	Nonmajor Governmental Funds	189	Transfer funds for the Sheriff's Patrol usage of helicopter and communication services.
	Nonmajor Governmental Funds	482	Transfer stale dated warrants and health incentive carryforwards to Child Support Fund.
	Nonmajor Governmental Funds	150	Transfer unliquidated encumbrances back to Supplementary Law Enforcement Services Fund.
	Nonmajor Governmental Funds	1	Transfer Neighborhood Preservation Program Funds to Building Inspection Housing Rehabilitation.
	Internal Service Funds	1,978	Transfer funds from General Fund to the Public Liability Insurance Internal Service Fund.
	Land Development Special Revenue Fund	8	Transfer vehicle depreciation from the General Fund.
Land Development Special Revenue Fund	General Fund	8	Transfer vehicle depreciation to the General Fund.

(continued)

[1] These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

Transfer From	Transfer To	Amount	Purpose
Land Development Special Revenue Fund	Nonmajor Governmental Funds	33	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	500	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
Nonmajor Governmental Funds	General Fund	10	Transfer of funds to support projects benefiting fish and wildlife.
	General Fund	15	Transfer vehicle depreciation to General Fund.
	General Fund	147	Transfer funds for mental health services performed.
	General Fund	15	Transfer funds from the Public Works Watershed Program to purchase capital asset.
	General Fund	1,581	Transfer funds to reimburse for Sheriff Cal ID expenditures.
	General Fund	170	Transfer funds for enhancements to financial systems.
	General Fund	472	Transfer funds to pay for capital outlay.
	General Fund	2	Transfer interest earned on Neighborhood Preservation revolving loan fund for remittance to HUD.
	General Fund	30	Transfer funds as partial reimbursement to Sheriff for a city resident deputy.
	General Fund	80	Transfer funds from Animal Benefit Fund to pay for animal health and welfare.
	Nonmajor Governmental Funds	102	Transfer funds from the permanent fund to the Library.
	Nonmajor Governmental Funds	1,901	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.

(continued)

Transfer From	Transfer To	Amount	Purpose
Nonmajor Governmental Funds	Nonmajor Governmental Funds	122	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	766	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	530	Repayment of debt.
	Nonmajor Governmental Funds	980	Funding of a reserve account from the release of the escrow account.
	Nonmajor Governmental Funds	636	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
Total		$ 49,030	

(concluded)

The county pays a subsidy to the County Hospital and Health Maintenance Organization Enterprise Funds to provide resources for operating costs which are in excess of operating revenues. Subsidies for the past three years are as follows (in thousands):

Year End June 30	Total Subsidy
2003	$ 46,759
2004	42,311
2005	49,135

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 (March 31, 2005, for the Housing Authority), was as follows (in thousands):

	Balance July 1, 2004	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 62,052	1,343	(5)	1,735	65,125
Construction in progress	76,598	7,086	(98)	(48,634)	34,952
Total capital assets, not being depreciated	138,650	8,429	(103)	(46,899)	100,077
Capital assets, being depreciated:					
Infrastructure	333,632	9,935	(2,228)	6,421	347,760
Structures and improvements	500,179	21,808	(1,465)	40,478	561,000
Equipment	111,939	10,232	(5,644)		116,527
Total capital assets, being depreciated	945,750	41,975	(9,337)	46,899	1,025,287
Less accumulated depreciation for:					
Infrastructure	(78,089)	(6,787)	496		(84,380)
Structures and improvements	(244,226)	(19,478)	913		(262,791)
Equipment	(70,115)	(10,247)	5,198		(75,164)
Total accumulated depreciation	(392,430)	(36,512)	6,607		(422,335)
Total capital assets, being depreciated, net	553,320	5,463	(2,730)	46,899	602,952
Governmental activities capital assets, net	$ 691,970	13,892	(2,833)		703,029

	Balance July 1, 2004 (as restated)	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 12,245			675	12,920
Construction in progress	25,712	3,077		(24,138)	4,651
Total capital assets, not being depreciated	37,957	3,077		(23,463)	17,571
Capital assets, being depreciated:					
Structures and improvements	265,023	30,537		23,473	319,033
Equipment	32,256	5,847	(681)	(10)	37,412
Total capital assets, being depreciated	297,279	36,384	(681)	23,463	356,445
Less accumulated depreciation for:					
Structures and improvements	(113,733)	(9,396)	2	(128)	(123,255)
Equipment	(20,331)	(3,336)	522	128	(23,017)
Total accumulated depreciation*	(134,064)	(12,732)	524		(146,272)
Total capital assets, being depreciated, net	163,215	23,652	(157)	23,463	210,173
Business-type activities capital assets, net	$ 201,172	26,729	(157)		227,744

* $11,000 of the total addition to accumulated depreciation was due to a transfer from governmental funds.

In July 2004, the Housing Authority made the following restatements to business-type capital assets and depreciation (in thousands):

Business-type activities capital assets as reported in the prior year:	$ 202,031
Record adjustments to accumulated depreciation for structures and improvements	(859)
Business-type activities capital assets, as restated - July 1, 2004	$ 201,172

	Balance July 1, 2004	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
Component Unit:					
Capital assets, not being depreciated:					
Land	$	246			246
Total capital assets, not being depreciated		246			246
Capital assets, to be depreciated:					
Structures and improvements		372			372
Total capital assets, to be depreciated		372			372
Component unit capital assets, net	$	618			618

The Pension Trust Fund had net capital assets of $215,000. This consisted of leasehold improvements and office equipment.

Depreciation

Depreciation expense was charged to governmental functions as follows (in thousands):

General government	$ 20,780
Public protection	9,575
Health and sanitation	246
Public assistance	699
Education	357
Public ways and facilities	4,607
Recreation and culture	248
Total depreciation expense - governmental functions	$ 36,512

Depreciation expense was charged to the business-type functions as follows (in thousands):

County Hospital	$ 7,447
Health Maintenance Organization	11
Housing Authority	3,335
Nonmajor Enterprise Funds	1,928
Total depreciation expense - business-type functions	$ 12,721

8. PAYABLES

Accounts payable and accrued liabilities at year-end were as follows (in thousands):

Governmental Activities	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Total Governmental Activities
Accounts payable	$ 17,797	2,652	704	7,196	28,349
Accrued payroll	44,994	5,214	799	3,662	54,669
Total accounts payable and accrued liabilities	$ 62,791	7,866	1,503	10,858	83,018

Business-type Activities	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor	Total Business-type Activities
Accounts payable	$ 12,751	25,564	4,672	449	43,436
Accrued payroll	15,903	795	152	201	17,051
Total accounts payable and accrued liabilities	$ 28,654	26,359	4,824	650	60,487

9. LEASES

A. Operating Leases

Total rental expense for the year ended June 30, 2005 (March 31, 2005, for the Housing Authority), for all operating leases and month-to-month lease arrangements amounted to $11,083,000 for the General Fund, $79,000 for the CCC Fire Protection Special Revenue Fund, $918,000 for the nonmajor governmental funds, $29,000 for the Land Development Special Revenue Fund, $3,454,000 for the County Hospital Enterprise Fund, $108,000 for the Health Maintenance Organization Enterprise Fund, $175,000 for the Housing Authority Enterprise Fund, and $172,000 for nonmajor enterprise funds.

At June 30, 2005 (March 31, 2005, for the Housing Authority), the future minimum rental payments required under non-cancelable operating leases for buildings and equipment, other than month-to-month lease arrangements, are as follows (in thousands):

Fiscal Year Ending June 30		Governmental Activities	Business-type Activities
2006	$	6,453	422
2007		4,847	369
2008		4,173	238
2009		3,730	112
2010		3,318	100
2011-2015		6,518	500
2016-2020		4,561	200
	$	33,600	1,941

B. Capital Leases

The county has capital lease purchase agreements for various county buildings, improvements, and equipment. The assets acquired under those lease purchase agreements are included in the county's capital assets. The costs of these assets for both governmental and business-type activities were $11,289,000 for buildings and improvements and $7,584,000 for equipment. The obligations related to those lease purchase agreements are included in the county's long-term obligations (see Note 10).

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2005 (in thousands):

Fiscal Year Ending June 30		Governmental Activities	Business-type Activities
2006	$	2,932	689
2007		2,818	689
2008		2,354	689
2009		2,139	202
2010		1,988	202
2011-2015		3,208	281
2016-2020		602	
2021-2025		20	
Total		16,061	2,752
Less: Amount representing interest		(2,277)	(297)
Present value of future minimum lease payments	$	13,784	2,455

C. Leases of County-Owned Property

The county has non-cancelable operating leases of property to others for various operations including recreational, commercial, airport and governmental purposes. Rental income for the year ended June 30, 2005, amounted to $1,587,000 for the General Fund, $555,000 for nonmajor governmental funds, $39,000 for the County Hospital Enterprise Fund and $3,082,000 for nonmajor enterprise funds.

The following is a schedule of future minimum rental receipts on non-cancelable lease agreements, not including month-to-month lease agreements, as of June 30, 2005 (in thousands):

Fiscal Year Ending June 30		Governmental Activities	Business-type Activities
2006	$	859	1,947
2007		192	1,908
2008		87	1,893
2009		27	1,893
2010		27	1,893
2011-2015		67	8,155
2016-2020		4	6,973
2021-2025		4	5,577
2026-2030		4	5,563
2031-2035		4	5,167
2036-2040		4	3,889
2041-2045		4	1,435
	$	1,283	46,293

10. LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities transactions for the year ended June 30, 2005 (in thousands):

	Balance July 1, 2004	Additions	Retirements	Principal Adjustments [1]	Balance June 30, 2005	Amounts Due Within One Year
Governmental activities						
Compensated absences	$ 36,110	32,739	(31,921)		36,928	3,693
Claims payable	119,568	46,585	(40,951)		125,202	46,050
Capital lease obligations	12,235	6,388	(4,839)		13,784	2,366
Certificates of participation	30,555		(1,190)		29,365	1,245
Pension bonds payable	569,220		(14,485)		554,735	17,730
Retirement litigation settlement	30,352		(701)		29,651	757
Notes payable	516		(87)		429	90
Other bonds payable	6,130		(1,015)		5,115	530
Lease revenue bonds	142,715		(7,375)	1,563	136,903	7,689
Tax allocation bonds	84,295		(1,250)		83,045	1,110
Special assessment debt	15,654		(1,648)		14,006	793
Total governmental activities - long-term obligations - gross	1,047,350	85,712	(105,462)	1,563	1,029,163	82,053
Capitalized premiums, discounts and deferred amounts on refundings	(462)		10		(452)	(10)
Total governmental activities - long-term obligations - net	$ 1,046,888	85,712	(105,452)	1,563	1,028,711	82,043
Business-type activities						
Compensated absences	$ 8,627	8,974	(8,584)		9,017	1,177
Medical liability claims payable	6,140	2,417	(1,489)		7,068	1,701
Capital lease obligations	3,017		(562)		2,455	585
Certificates of participation	125,250		(3,925)		121,325	4,130
Notes payable	7,268	23,091	(593)		29,766	24,212
Landfill post closure liability [2]		557			557	
Other noncurrent liabilities		3,635			3,635	1,021
Lease revenue bonds	30,320		(760)	(1,563)	27,997	756
Total business-type activities - long-term obligations-gross	180,622	38,674	(15,913)	(1,563)	201,820	33,582
Capitalized premiums, discounts and deferred amounts on refundings	(12,872)		703		(12,169)	(703)
Total business-type activities - long-term obligations-net	$ 167,750	38,674	(15,210)	(1,563)	189,651	32,879
Component unit						
Compensated absences	$	57	(51)	67	73	7

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2005, are as follows (in thousands):

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2005
Governmental activities					
Pension obligation bonds [6]:					
2001 Issue/Remaining 1994 Issue	2014	5.55-6.80%	$ 15,915-33,280	$ 313,640	$ 232,025
2003 Issue	2022	3.98-5.14	0-44,925	322,710	322,710
					554,735
Certificates of participation [3]:					
1997 Capital projects	2021	3.55-5.10	655-2,610	34,910	29,365
Lease revenue bonds [3]:					
1998 Lease revenue	2025	3.80-5.15	525-1,745	24,695	21,665
1999 Lease revenue	2028	4.00-5.25	1,095-3,350	66,560	49,615
2001A Lease revenue	2026	3.15-4.15	335-900	13,905	12,495
2001B Lease revenue	2017	4.25-5.20	80-365	5,258	5,003
2002A Lease revenue	2027	2.75-5.00	155-760	12,650	11,820
2002B Lease revenue	2019	2.00-4.60	930-2,090	25,440	19,715
2003A Lease revenue	2028	2.00-5.00	365-1,240	18,500	16,590
					136,903
Tax allocation bonds [5]:					
1995A Tax allocation bond	2026	3.90-7.00	25-115	1,645	1,405
1995B Tax allocation bond	2026	4.25-6.90	45-200	2,735	2,370
1999 Tax allocation bond	2029	4.00-5.125	475-3,250	44,615	34,030
2003A Tax allocation bond	2034	3.00-5.85	375-5,055	43,345	42,820
2003B Tax allocation bond	2034	3.00-5.85	15-385	2,445	2,420
					83,045
Special assessment debt with government commitment [7]:					
Kensington 91-1	2013	5.25-6.00	150-300	4,684	1,575
Pleasant Hill BART 93-5	2015	5.44-6.93	55-140	1,530	1,010
Wayside Plaza 91-2	2007	7.00-7.20	135-190	2,010	335
Pleasant Hill BART CFD 92-1	2016	8.00	7-14	171	121
Pleasant Hill BART CFD 98-1	2017	4.20-5.10	135-3,075	4,785	3,985
Norris Canyon 2001-1	2032	4.10-6.10	110-495	7,220	6,980
					14,006
Other bonds payable [4]:					
CCC PFA revenue bonds 2001	2017	4.00-5.69	360-570	6,575	5,115
Notes payable [8]:					
State Energy Commission	2009	3.00	9-48	315	183
State Energy Commission	2010	3.00	12-52	385	246
					429
Total governmental activities					$ 823,598

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2005
Business-type activities					
Notes payable [8]:					
Westamerica note	2017	4.33%	50-161	$ 1,570	$ 1,519
California Housing Finance Agency	2025	7.8	5-50	600	524
Rental Housing Construction Program	2055	3.00		2,627	2,627
De Anza Housing Corporation	2044	6.80		1,000	1,000
Bank of America note	2006	2.25		24,096	24,096
					29,766
Lease revenue bonds [3]:					
Hospital Enterprise					
1999 Los Medanos	2028	3.00-5.25	150-505	8,125	7,160
2001A Los Medanos	2026	3.15-4.15	10-265	4,125	3,705
2001B CC Regional Medical Center	2027	4.25-5.20	445-1,250	18,517	17,132
					27,997
Certificates of participation, net [3]:					
1997 Certificates of participation	2023	3.75-6.00	3,390-10,185	145,340	121,325
Total business-type activities					$ 179,088

NOTES:

(1) Reallocation of 2001B lease revenue bond proceeds and debt from business-type to governmental activities. Bond proceeds originally allocated for governmental projects were underestimated, while bond proceeds originally allocated for business-type activities were overestimated. This adjustment aligns bond proceeds to projected governmental and business-type project costs.

(2) State environmental laws require the monitoring by the county of closed landfills for at least thirty years after closure. The liability is recognition of the estimated cost of performing the required post closure monitoring. The county does expect to incur closure related costs in the next year.

(3) Debt service payments are made from lease payments by the General Fund, special revenue funds, and County Hospital Enterprise Fund to the PFC and the PFA. For fiscal year 2004-2005, the County Hospital Enterprise Fund transferred $1,563,000 of lease revenue bond proceeds and debt to the PFA to cover excess project costs. (See note (1) above.)

(4) Debt service payments are made from restricted property taxes and other revenues recorded in the debt service funds.

(5) Debt service payments are made from tax increment financing.

(6) In 1994, the county issued $337,365,000 in taxable pension obligation bonds. In 2001, the county restructured those bonds with a new issue in the amount of $107,005,000. In April 2003, the county issued another $322,710,000 in taxable pension obligation bonds (2003 Series A). Debt service payments are made from all county revenues.

(7) Debt service payments are made from special assessments levies on properties in each assessment district. The county administers the assessment and repayment of those bonds. Since early redemption is allowed, there may be differences between the earnings on money received from property owners wishing to pay off their debt early and the interest obligation that accumulates on their debt between the time they submit funds to the county and the next available redemption date, as stated in the bonds' official statements. The county has historically funded this difference and to that extent may be obligated in some manner for this debt.

(8) Debt service payments are made from operating revenues. The Airport was able to pay off its two notes early using unspent money from another source.

There are a number of limitations and restrictions contained in the various bond indentures. County management believes that the county is in compliance with all significant limitations and restrictions.

General, special revenue, and internal service funds have been used to liquidate compensated absences and claims payable liabilities within the governmental activities in prior years.

Following is a schedule of debt payment requirements to maturity for governmental activities for long-term obligations, excluding compensated absences and claims payable that have indefinite maturities, outstanding at June 30, 2005 (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 2,366	566	1,245	1,499	17,730	31,945
2007	2,359	459	1,305	1,443	21,295	30,766
2008	1,994	360	1,365	1,383	22,725	29,339
2009	1,864	275	1,430	1,318	27,530	27,783
2010	1,792	196	1,495	1,249	30,145	25,990
2011-2015	2,875	333	8,695	5,038	198,390	96,173
2016-2020	514	88	11,220	2,512	151,230	49,706
2021-2025	20		2,610	137	85,690	7,144
Total	$ 13,784	2,277	29,365	14,579	554,735	298,846

Fiscal Year Ending June 30	Other Bonds Payable		Lease Revenue Bonds		Retirement Litigation Settlement	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 530	247	7,689	6,224	757	2,372
2007	570	222	7,965	5,961	817	2,312
2008	365	201	8,286	5,683	883	2,246
2009	390	184	7,081	5,354	954	2,175
2010	405	164	6,168	5,062	1,030	2,099
2011-2015	1,970	518	34,634	21,040	6,525	9,120
2016-2020	885	50	29,091	12,875	9,587	6,058
2021-2025			25,932	6,398	9,098	1,696
2026-2030			10,057	919		
Total	$ 5,115	1,586	136,903	69,516	29,651	28,078

Fiscal Year Ending June 30	Tax Allocation Bonds		Special Assessment Debt		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 1,110	4,439	793	797	90	12
2007	1,395	4,391	824	748	93	9
2008	1,450	4,333	649	704	96	7
2009	1,505	4,270	665	668	98	4
2010	1,575	4,203	400	638	52	1
2011-2015	9,075	19,752	2,106	2,804		
2016-2020	11,705	17,041	4,184	1,750		
2021-2025	15,290	13,345	1,470	1,117		
2026-2030	19,900	8,592	1,960	604		
2031-2035	20,040	2,554	955	59		
Total	$ 83,045	82,920	14,006	9,889	429	33

As of June 30, 2005, annual debt service requirements of business-type activities to maturity, except for compensated absences, medical liability claims payable, landfill post closure liability, and other noncurrent liabilities that have indefinite maturities, are as follows (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 585	104	4,130	6,506	24,212	387
2007	610	79	4,350	6,268	121	246
2008	636	53	4,610	5,999	127	240
2009	175	27	4,885	5,736	133	234
2010	183	19	5,135	6,278	139	227
2011-2015	266	15	30,080	22,847	804	1,030
2016-2020			39,145	13,537	389	857
2021-2025			28,990	1,449	214	779
2026-2030						730
2031-2035						731
2036-2040						735
2041-2045					1,000	667
2046-2050						395
2051-2055					2,627	395
Total	$ 2,455	297	121,325	68,620	29,766	7,653

Fiscal Year Ending June 30	Lease Revenue Bonds	
	Principal	Interest
2006	$ 756	1,375
2007	785	1,344
2008	814	1,311
2009	844	1,276
2010	882	1,240
2011-2015	5,071	5,558
2016-2020	6,449	4,177
2021-2025	8,248	2,375
2026-2030	4,148	353
Total	$ 27,997	19,009

Defeased Obligations

The county has defeased certain obligations by placing a portion of the proceeds of new debt issuances in irrevocable trusts to provide for all future debt service payments on the refunded obligations. Accordingly, the trust account assets and the liability of the defeased debt are not included on the financial statements of the county. On June 30, 2005, $33,605,000 in outstanding obligations is considered to be defeased.

Legal Debt Limit

As of June 30, 2005, the county's debt limit (5 percent of valuation subject to taxation) was $5.939 billion. The total amount of debt applicable to the debt limit was $609 million, net of assets in the debt service funds and other deductions allowed by law. The resulting legal debt margin was $5.330 billion.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The county engages consultants to perform calculations of excess investment earnings on tax-exempt bonds and as of June 30, 2005, does not expect to incur a liability.

11. CONDUIT DEBT

From time to time Multifamily/Single Family Housing Revenue Bonds have been issued in the county's name to provide mortgage loans secured by first trust deeds on newly constructed and existing housing and to provide funds to builders for construction/remodeling of housing projects.

The bonds do not constitute an indebtedness of the county. They are payable solely from payments made on and secured by a pledge of the acquired mortgage loans or housing units and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. The county is not obligated in any manner for repayment of the indebtedness. Accordingly, no liability has been recorded in the basic financial statements.

As of June 30, 2005, the county had participated in the issuance of forty series of Multifamily or Single Family Housing Revenue Bonds. The aggregate principal amount remaining payable for the bonds issued was $323,056,000.

Not included in the above amount are two defeased issues totaling $53,410,000.

12. NET ASSETS/FUND BALANCES

The government-wide financial statements and proprietary and fiduciary fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in capital assets, net of related debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted net assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted net assets* – This category represents net assets of the county, not restricted for any project or other purpose.

In the governmental fund financial statements, reserves segregate portions of fund balance that are either not available for appropriation or are legally restricted by outside parties for use.

As of June 30, 2005, reservations of fund balance are described below:

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.

- *Inventories* – to reflect the portion of assets which do not represent available spendable resources.

- *Advances to other funds* – to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.

- *Prepaid items and deposits* – to reflect amounts paid in advance by the county for goods not yet received or services not yet performed.

- *Land held for resale* – to reflect investment in land which does not represent available spendable resources.

- *Program with purpose restrictions* – consists of developer fees collected through the County's Child Care Facilities Ordinance for the purpose of creation or expansion of child care services within the redevelopment project areas and consists of a small landscaping program.

- *Bond proceeds with eligibility restriction* – to account for bond proceeds held in escrow by the trustee for future use on capital projects once certain eligibility requirements are met.

- *Housing projects* – to account for financial resources designated for increasing and improving the supply of housing for persons and families of low or moderate income.

- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest or as reserves. These funds are not available for general operations.
- *Permanent fund-expendable portion* – to reflect the fund's accumulated expendable earnings.
- *Permanent fund-nonexpendable portion* – to reflect the fund's principal balance which is not expendable.

In the governmental fund financial statements Unreserved Fund Balance is divided into designated and undesignated portions. The designated portion represents the Board of Supervisors intended future use of available resources, but are subject to change. The undesignated portion represents resources that are available to meet the needs of the government. The designated portion of the Unreserved Fund Balance consists of the following:

- *Equipment replacement* – to reflect financial resources intended for equipment replacement.
- *Future projects* – to reflect financial resources intended for specific future projects.
- *Litigation/audit* – to reflect financial resources for potential litigation or audit. This is in addition to the amounts in the internal service funds.
- *Off-highway vehicle* – to account for fees collected by the state and allocated to the county that may be expended for off-road vehicle purposes.
- *Dougherty Valley* – to reflect funds from Gale Ranch I subdivision developer intended for various improvements.

13. PERMANENT FUND

The Permanent Fund accounts for the financial activities and balances of donor-restricted endowments for the county's libraries. Interest income may be used for the establishment and furnishing of children's areas within libraries, literacy programs and the acquisition of books that meet the criteria of the endowments. In accordance with the terms of the endowments and the California Government Code Section 25355, only the interest income may be used; any unused income may be used in a subsequent year. The amount available for spending, $123,000 at June 30, 2005, is shown on the Statement of Net Assets as Net Assets Restricted for Permanent Fund – expendable portion.

14. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The CCCERA is a cost-sharing multiple-employer defined benefit pension plan (the plan) governed by the County Employees' Retirement Law of 1937 (the 1937 Act). The plan covers substantially all of the employees of the county, its special districts, the Housing Authority and thirteen other member

agencies. The plan issues stand-alone financial statements which can be directly obtained from its office, as indicated in Note 1.A.

The plan provides for retirement, disability, death and survivor benefits, in accordance with the 1937 Act. Annual cost-of-living adjustments to retirement benefits can be granted by the Retirement Board as provided by state statutes.

The plan is currently divided into seven benefit sections in accordance with the 1937 Act. These sections are known as General Tier I, enhanced and non-enhanced; Tier II; Tier III enhanced and non-enhanced; Safety enhanced and non-enhanced. On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3 percent at 50 for Safety members and 2 percent at 55 for general members, effective July 1, 2002, and January 1, 2003, respectively. The enhanced benefits do not apply to bargaining units represented by the California Nurses Association or to the non-represented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, or to the supervisors and managers of those employees until January 1, 2005.

Legislation was signed by the Governor in 2002 which allowed Contra Costa County, effective October 1, 2002, to provide Tier III to all new employees, to move those previously in Tier II to Tier III as of that date, and to apply all future service as Tier III. Tier III was originally created October 1, 1998 and made available to all members with five or more years of Tier II service who elected to transfer to Tier III coverage.

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal members who elect Tier I membership. As of December 31, 2004, Tier II includes only the employees described in the paragraph above for whom the county did not adopt the enhanced benefits. County employees who were moved to Tier III effective October 1, 2002, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III.

Safety includes members in active law enforcement, active fire suppression work or certain other "Safety" classifications as designated by the Retirement Board.

Service retirement benefits are based on age, length of service and final average salary in accordance with the California Government Code Section 31462 and 31462.1. For the Tiers I, III and Safety sections, the retirement benefit is based on a one-year average salary. For Tier II, the benefit is based on a three-year average salary.

B. Funding Policy

Pursuant to provisions of the County Employees' Retirement Law of 1937, the Retirement Board recommends the annual contribution rates for adoption by the Board of Supervisors. New contribution rates, based on the actuarial study as of December 31, 2002, became effective July 1, 2004. The contribution requirements are determined as a percentage of payroll.

The employer rates were calculated on the alternate funding method permitted by the California Government Code Section 31453.5. The "entry age normal funding" method is used to calculate the rate required to provide all the benefits promised to a new member. Unfunded costs resulting from this calculation are amortized on a level percent closed basis over 20 years from the December 31, 2002, valuation date.

Active plan members are required to contribute an actuarially determined percentage of their annual covered salary. The required percentage rates vary according to the benefit section and entry age of the employee. The rates in effect during fiscal year 2004-2005 (based on covered payroll as of January 1, 2004) ranged from 3.73 percent to 27.02 percent of the employees' annual covered salary.

The county employer rates of contribution, calculated as a percentage of the county's covered payroll as determined in an actuary report as of December 31, 2002, for fiscal year 2004-2005 were:

	Non-Enhanced	Enhanced
General Members, Tier I	14.72%	16.32%
General Members, Tier II	12.19	N/A
General Members, Tier III	13.32	15.28
Safety Members	N/A	19.68

The county's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2005, were as follows (in thousands):

Annual required contribution (county fiscal year basis)	$	106,162
Interest on beginning pension asset		(45,729)
Adjustment to the annual required contribution		73,177
Annual pension cost		133,610
Contributions made (including Retirement Litigation Settlement)		106,162
Decrease in pension asset		(27,448)
Net pension asset, beginning of year		557,675
Net pension asset, end of year	$	530,227

The following table shows the county's annual pension cost and the percentage contributed for the fiscal year 2004-2005 and each of the two preceding fiscal years (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2003	$ 96,719	81.39%	$ 579,823
2004	103,642	78.63%	557,675
2005	133,610	79.46%	530,227

The county has made its annual required contribution (ARC) for each of the past three years. The difference between the ARC and the APC is due to the amortization of the Net Pension Asset.

15. PATIENT SERVICE REVENUE AND RECEIVABLES

The County Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Charges for services are reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, or investigations.

Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The County Hospital's Medicare and Medi-Cal cost reports have been audited by the fiscal intermediary through June 30, 2002. As such, the cost reports for the prior year are still under review by fiscal intermediaries and have not been settled due to certain unresolved reimbursement issues. The county believes it has adequately provided for any liabilities that may arise from the fiscal intermediaries' audits.

Net receivables from patients and third-party payers at June 30, 2005, are summarized as follows:

Medicare	$ 5,343,239
Medi-Cal	9,692,368
Insurance and other third-party payers	2,817,247
Total	$ 17,852,854

The net receivables from patients and third party payers excludes an allowance for uncollectibles of approximately $1,800,000 related to pending settlements of prior years Medicare claims.

16. RISK MANAGEMENT

The county self-insures its unemployment, dental and management long-term disability. The county is self-insured to $750,000 per occurrence for workers' compensation, and maintains $150,000,000 of excess insurance coverage per occurrence with commercial insurance carriers. The county is self-insured to $1,000,000 per occurrence on public and automobile liability, and maintains $25,000,000 excess insurance coverage with commercial insurance carriers. Liability claims arising from operations at the county's two airports are fully insured to $100,000,000 under a separate commercial insurance policy. The county is self-insured to $500,000 on a claims made basis for medical malpractice and maintains $11,500,000 of excess insurance with commercial insurance carriers. The county adjusts all self-insured claims in-house.

The county maintains up to $600,000,000 "All Risk" insurance coverage subject to a $50,000 deductible to cover its property, except for loss caused by earthquake or flood. Loss caused by earthquake is insured to $375,000,000 and is subject to a minimum 5 percent deductible. Loss caused by flood is insured to $600,000,000 and is subject to a $100,000 minimum and $500,000 maximum deductible within the 100 year flood plain otherwise a $25,000 deductible.

The county maintains a separate insurance policy to cover the Sheriff-Coroner's two helicopters up to $50,000,000 for liability arising from the helicopters' use.

During the past three years there have been no instances of the amount of claim settlements exceeding insurance coverage.

Internal service funds are used to account for the county's self-insurance activities. It is the county's policy to provide in each fiscal year, by charges to affected operating funds, amounts sufficient to cover the estimated expenditures for self-insured claims. Charges to operating funds are recorded as expenditures/expenses of such funds and revenues of the internal service funds. Accrual and payment of claims are recorded in the internal service funds.

The county has accrued a liability of $132,270,000 at June 30, 2005, for all self-insured claims in the internal service funds, which includes an amount for incurred but not reported claims. The self-insurance reserve is based on actuarially determined amounts for workers' compensation, public and automobile liability, and medical liability and based on management's estimates for all other reserves. In the opinion of the county, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes to the internal service funds' claims liability amount, including medical liability claims payable, for fiscal years 2003-2004 and 2004-2005 are as follows (in thousands):

Liability at June 30, 2003	$	105,992
FY 2003-2004 claims and changes in estimate		77,326
FY 2003-2004 claim payments		(57,610)
Liability at June 30, 2004		125,708
FY 2004-2005 claims and changes in estimate		49,002
FY 2004-2005 claim payments		(42,440)
Liability at June 30, 2005	$	132,270

The actuarially determined claims liabilities, including incurred but not reported claims, are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that modify past experience. It also includes incremental claim adjustment expenses. In addition, estimated recoveries on settled and unsettled claims were evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims.

17. COMMITMENTS AND CONTINGENCIES

A. Grants

The county participates in a number of federal and state grant programs which are subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs through June 30, 2005, have not yet been conducted. Accordingly, the county's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The county believes that such disallowances, if any, would not have a material effect on the basic financial statements.

B. Health Insurance

Health care benefits for active and retired employees are jointly financed by the beneficiaries and by the county. Most employees have a choice of participation in five medical plans: Kaiser Permanente, a private health maintenance organization (HMO); Health Net (HMO); Health Net, a preferred provider organization (PPO); and the Contra Costa Health Plans (CCHP) A and B, operated by the county Health Services Department. Employees represented by either the Deputy Sheriffs' Association (DSA), District Attorney Investigators' Association (DAIA), or United Professional Fire Fighters' IAFF Local 1230 are eligible to participate in medical plans administered by the California Public Employees' Retirement System (CalPERS).

For non-CalPERS administered medical plans, the county subvents 80.0 percent of Kaiser Permanente, 80.0 percent of Health Net (HMO), 60.0 percent of Health Net (PPO) and 98.0 percent of CCHP A and 90.0 percent of CCHP B premiums for plan members. The county subvention for

CalPERS administered plans is a flat rate depending on the employees' union representation and the number of dependents covered under the plans. All permanent employees have a choice of two dental plans as follows: a county self-funded plan administered by Delta Dental; and a PMI Delta Care Plan. The county's self-funded plan is an indemnity program and the PMI Delta Care plan is a prepaid program.

The county's contribution to health and dental plans during fiscal year 2004-2005 for active employees was $70,698,000. The county's liability for health care benefits is limited to its annual contribution.

C. Post-employment Benefits Other Than Pensions

In addition to providing retirement benefits as described in Note 14, retired employees are allowed to continue participation in the medical and dental plans described above. As of June 30, 2005, there were 4,621 retired employees participating in the health plans, and the county contributed $26,814,000 toward payment of the premiums. The cost of retiree health care is recognized when the county makes its contribution on a pay-as-you-go basis and is accounted for in the General Fund, Library and Fire District Special Revenue Funds, enterprise funds, or fiduciary funds as appropriate. This postemployment benefit was approved by Board of Supervisors resolution number 264 on August 22, 1961, with an effective date of October 1, 1961. To be eligible, the retiring employee must have been a member of a participating health plan at the date of retirement.

D. Special Assessment Debt

The county is considered to be "obligated in some manner," as defined by GASB Statement No. 6, *Accounting and Financial Reporting for Special Assessments*, for its special assessment debt. The county is obligated to foreclose on properties for which owners have failed to pay assessment installments as they fall due and the county may honor deficiencies to the extent that lien foreclosure proceeds are insufficient. The county's obligation to advance monies to pay debt service in the event of delinquent assessment installments is limited to the amount of remaining original bond proceeds and installments received. Special assessment debt is included in the county's statement of net assets and special assessment transactions are included in the Assessment Districts Debt Service Fund. Debt service payments are made from special assessments of the related special assessment district.

E. Construction Commitments

At June 30, 2005, there were no projects that had outstanding construction contracts of greater than one million dollars.

F. Pending Legal Matters

Numerous lawsuits are pending or threatened against the county. The county has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2005.

18. SUBSEQUENT EVENTS

2005 Pension Obligation Bond

On July 28, 2005, Contra Costa County Fire Protection District issued $129,900,000 in taxable pension obligation bonds, with interest rates ranging from 4.11 to 5.06 percent. These bonds were issued to refinance both the District's unfunded actuarial accrued liability (the "UAAL") with respect to retirement benefits for the District's employees and retirees, and the District's outstanding portion of the retirement litigation settlement liability (the "Paulson Obligation").

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION (Other than MD&A)

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance-Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 241,171	231,891	237,828	5,937
Licenses, permits and franchise fees	17,128	17,341	12,736	(4,605)
Fines, forfeitures and penalties	14,911	15,067	16,620	1,553
Use of money and property	4,218	4,343	5,454	1,111
Intergovernmental	528,381	569,196	530,155	(39,041)
Charges for services	172,034	179,373	183,774	4,401
Other revenue	64,799	82,862	76,892	(5,970)
Total revenues	1,042,642	1,100,073	1,063,459	(36,614)
Expenditures:				
Current:				
General government:				
Administrator	4,109	4,012	3,826	186
Assessor	15,353	15,339	14,428	911
Auditor-Controller	7,129	7,129	6,476	653
Board of Supervisors	9,084	8,577	5,152	3,425
Building Maintenance	17,228	21,340	20,714	626
Building Occupancy Cost	14,936	15,815	15,245	570
Central Service/Microfilm	640	760	695	65
Clerk of the Board	603	603	529	74
Community Access Television	800	800	460	340
County Counsel	4,278	4,278	3,945	333
Crockett-Rodeo Revenues	526	546	483	63
Economic Development	312	107	53	54
Elections	5,930	6,780	6,109	671
Employee Benefits	4,989	4,987	2,626	2,361
Fleet Services	2,127	4,035	2,715	1,320
General Services Administration	1	2	1	1
Human Resources	6,312	6,912	6,615	297
Information Technology	2,648	3,011	2,861	150
Insurance	5,432	5,432	4,370	1,062
Management Information Systems	1,261	1,579	898	681
Personnel Merit Board	94	94	56	38
Plant Acquisition	32,096	50,990	21,577	29,413
Purchasing	894	799	780	19
Revenue Collections	2,637	2,637	2,616	21
Telecommunications	4,938	4,934	4,696	238
Treasurer-Tax Collector	4,770	4,770	4,492	278
UAAL Pension Bond Debt Service Transfer	(4,732)	(4,732)	(4,732)	
Total general government	144,395	171,536	127,686	43,850

(continued)

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance-Positive (Negative)
	Original	Final		
Public protection:				
Agriculture	3,831	3,821	3,771	50
Animal Services	8,966	8,626	8,406	220
Community Development	6,968	7,198	7,152	46
Conflict Defense Services	1,802	1,802	1,801	1
Coroner	2,475	2,465	2,312	153
Criminal Grand Jury	69	49	39	10
District Attorney	25,660	24,910	22,780	2,130
Emergency Services	5,056	8,172	5,322	2,850
Flood Control	668	668	581	87
Grand Jury	96	139	139	
Jail	55,634	58,453	58,347	106
Jail - Health Services	11,969	13,142	13,096	46
Justice System Programs	1,004	466	366	100
Law and Justice Systems	335	393	368	25
Local Agency Formation	221	221	90	131
Probation - Programs	25,348	23,653	22,696	957
Probation - Facilities	21,727	20,985	20,983	2
Probation - Care of Court Wards	8,278	6,781	5,974	807
Public Administrator	219	219	201	18
Public Defender	19,577	19,002	18,079	923
Recorder	3,862	3,862	3,836	26
Sheriff	87,707	84,005	82,519	1,486
Trial Court Programs	21,735	24,282	24,279	3
Vehicle Theft Programs	1,302	1,302	814	488
UAAL Pension Bond Debt Service Transfer	(18,208)	(18,208)	(18,208)	
Total public protection	296,301	296,408	285,743	10,665
Health and sanitation:				
Children's Services	7,448	6,861	6,860	1
Conservator/Guardianship	1,660	1,705	1,704	1
Environmental Health	12,593	12,033	12,020	13
General Sewer Planning	20	20	20	
Health Services Homeless Program	4,587	4,959	4,953	6
Medical Disproportionate Share	24,877	24,877	22,238	2,639
Mental Health	94,175	99,069	96,581	2,488
Public Health	46,539	41,636	41,404	232
Solid Waste Management	466	461	461	
Substance Abuse	18,529	16,973	16,545	428
UAAL Pension Bond Debt Service Transfer	(5,100)	(5,100)	(5,100)	
Total health and sanitation	205,794	203,494	197,686	5,808

(continued)

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance-Positive (Negative)
	Original	Final		
Public assistance:				
Ann Adler Child & Family	92	92	17	75
Community Development	21,326	12,190	10,627	1,563
Community Services	25,410	26,760	25,520	1,240
Housing Rehabilitation	494	622	427	195
EHSD - Administration	3,718	5,200	4,905	295
EHSD - Child & Family	105,230	114,483	113,902	581
EHSD - Aging & Adult	69,598	90,743	87,424	3,319
EHSD - Workforce Services	114,355	122,088	115,589	6,499
EHSD - WFRC Investment Board	6,272	6,272	4,771	1,501
Services Integration	611	611	564	47
Veterans Services	702	702	636	66
Zero Tolerance Domestic Violence Initiative		1,879	1,592	287
UAAL Pension Bond Debt Service Transfer	(8,299)	(8,299)	(8,299)	
Total public assistance	339,509	373,343	357,675	15,668
Education:				
Cooperative Extension Services	305	305	302	3
UAAL Pension Bond Debt Service Transfer	(12)	(12)	(12)	
Total education	293	293	290	3
Public ways and facilities:				
Public Works	32,381	31,752	29,422	2,330
Road Construction	50,084	50,084	24,079	26,005
UAAL Pension Bond Debt Service Transfer	(1,617)	(1,617)	(1,617)	
Total public ways and facilities	80,848	80,219	51,884	28,335
Recreation and culture:				
Park Administration	1	1		1
Total recreation and culture	1	1		1
Debt service:				
Capital outlay	6,388	6,388	6,388	
Total expenditures	1,073,529	1,131,682	1,027,352	104,330
Excess (deficiency) of revenues over (under) expenditures	(30,887)	(31,609)	36,107	67,716
Other Financing Sources (Uses):				
Transfers in	29,294	29,958	24,775	(5,183)
Transfers out	(92,333)	(94,441)	(94,093)	348
Capital lease financing	6,388	6,388	6,388	
Total other financing sources (uses)	(56,651)	(58,095)	(62,930)	(4,835)
Net change in fund balances	(87,538)	(89,704)	(26,823)	62,881
Fund Balance at Beginning of Year	119,886	119,886	119,886	
Fund Balance at End of Year	$ 32,348	30,182	93,063	62,881

(concluded)

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CCC FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 72,261	72,261	71,048	(1,213)
Licenses, permits, and franchise fees	194	194	102	(92)
Use of money and property	134	134	369	235
Intergovernmental	3,156	3,156	3,750	594
Charges for services	2,603	2,613	3,294	681
Other revenue		318	801	483
Total revenues	78,348	78,676	79,364	688
Expenditures:				
Current:				
Public protection				
Salaries and benefits	68,457	67,864	65,001	2,863
Services and supplies	8,640	8,069	5,958	2,111
Other charges	2,740	2,751	2,571	180
Fixed assets	8,258	9,739	3,211	6,528
Total public protection	88,095	88,423	76,741	11,682
Debt service:				
Principal	86	86	86	
Interest	284	284	284	
Total expenditures	88,465	88,793	77,111	11,682
Excess (deficiency) of revenues over (under) expenditures	(10,117)	(10,117)	2,253	12,370
Other Financing Sources (Uses):				
Transfers in	392	392		(392)
Transfers out	(392)	(392)		392
Total other financing sources (uses)				
Net change in fund balance	(10,117)	(10,117)	2,253	12,370
Fund Balance at Beginning of the Year	29,222	29,222	29,222	
Fund Balance at End of Year	$ 19,105	19,105	31,475	12,370

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LAND DEVELOPMENT SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Licenses, permits and franchise fees	$ 13,245	13,245	16,023	2,778
Use of money and property	494	494	962	468
Intergovernmental	46	46	50	4
Charges for services	17,344	18,351	9,122	(9,229)
Other revenue	6,985	7,475	7,700	225
Total revenues	38,114	39,611	33,857	(5,754)
Expenditures:				
Public protection				
Salaries and benefits	9,940	9,940	9,253	687
Services and supplies	26,044	26,004	2,707	23,297
Other charges	1,788	1,830	1,755	75
Fixed assets	318	486	222	264
Expenditure transfers	5,773	6,217	5,873	344
Total public protection	43,863	44,477	19,810	24,667
Public ways and facilities				
Services and supplies	968	1,544	1,544	
Other charges	157	360	358	2
Expenditure transfers	14,993	15,188	10,223	4,965
Total public ways and facilities	16,118	17,092	12,125	4,967
Total expenditures	59,981	61,569	31,935	29,634
Excess (deficiency) of revenues over (under) expenditures	(21,867)	(21,958)	1,922	23,880
Other Financing Sources (Uses):				
Transfers in			8	8
Transfers out	(533)	(533)	(541)	(8)
Total other financing sources (uses)	(533)	(533)	(533)	
Net change in fund balance	(22,400)	(22,491)	1,389	23,880
Fund Balance at Beginning of Year	23,023	23,023	23,023	
Fund Balance at End of Year	$ 623	532	24,412	23,880

BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the provisions of the California Government Code Sections 29000-29145 and other statutory provisions, commonly known as the County Budget Act, the Board of Supervisors legally adopts a budget for each fiscal year. Budgets are adopted on the modified accrual basis. Prior to June 30 the County Administrator develops, recommends and the Board of Supervisors adopts a proposed budget for the next fiscal year. This is based on preliminary data because the county's books have not yet been closed, ending fund balances have not been established, and the state has not yet adopted its budget. Later, after a series of public hearings the Board of Supervisors adopts a formal budget on or before October 2. This budget establishes the maximum authorized expenditures for the fiscal year that cannot be exceeded except by subsequent amendments to the budget by the Board of Supervisors and is reported in the budgetary comparison schedule as the "Original Budget."

Supplemental appropriations, which are normally financed by unanticipated revenues during the year, and any amendments or transfers of appropriations between summary accounts or departments must be approved by the Board of Supervisors. Pursuant to a Board of Supervisors Resolution, the County Administrator is authorized to approve transfers of appropriations among summary accounts within a department as deemed necessary and appropriate. Accordingly, the legal level of budgetary control by the Board of Supervisors is at the department level. Budgeted amounts amended during the fiscal year by the County Administrator and, when necessary, by resolution of the Board of Supervisors are reported in the budgetary comparison schedule as the "Final Budget."

The objective of the county's budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. No department is permitted to spend and/or encumber more than its available appropriations. Increases in budget appropriations must be approved by the Board of Supervisors as a transfer from the Reserve for Contingencies, as a transfer from another appropriation, or as an appropriation of new or unanticipated revenue. Using the county's automated accounting system, staff of the Auditor-Controller monitors the expenditures of each department to ensure that they don't exceed the amounts appropriated by the Board of Supervisors for the year. The county uses an encumbrance system as an extension of normal budgetary accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities and are re-established, along with their encumbered appropriations as part of the following year's budget. Any appropriations remaining in the departments at the end of the fiscal year automatically lapse and are transferred to fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year.

The amounts reported as expenditures by department include amounts charged each department to service the pension obligation bond debt and the liability for the Retirement Litigation Settlement because the budget includes these amounts as expenditures. "UAAL Pension Bond Debt Service Transfer" and "Retirement Litigation Settlement Transfer" are reporting adjustments made at the function level to achieve agreement with the financial statements where these expenditures are reported as transfers in accordance with GASB.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2005

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Assets:					
Cash and investments	$ 226,249	8,346	25,531	225	260,351
Accounts receivable and accrued revenue	11,692	4,030	928		16,650
Due from other funds	4,144	230	213		4,587
Advances to other funds	6,294				6,294
Notes receivable	10,694		33		10,727
Prepaid items and deposits	697				697
Land held for resale	388		393		781
Restricted cash and investments	3,168	32,795	45,658	1,729	83,350
Total assets	$ 263,326	45,401	72,756	1,954	383,437
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 7,546	3,089	223		10,858
Due to other funds	20,265	15,885	1,246	102	37,498
Advances from other funds	4,714	97	1,483		6,294
Deferred revenue	14,334		33		14,367
Total liabilities	46,859	19,071	2,985	102	69,017
Fund Balances:					
Reserved for:					
Encumbrances	2,962		3,029		5,991
Advances to other funds	6,294				6,294
Prepaid items and deposits	697				697
Land held for resale	388		393		781
Programs with purpose restrictions			558		558
Bond proceeds with eligibility restrictions			15		15
Housing projects	1,389				1,389
Debt service		25,074			25,074
Permanent fund-expendable portion				123	123
Permanent fund-nonexpendable portion				1,729	1,729
Unreserved, designated for:					
Equipment replacement	5,049				5,049
Future projects		3,189			3,189
Unreserved, undesignated, reported in:					
Special revenue funds	199,688				199,688
Debt service funds		(1,933)			(1,933)
Capital projects funds			65,776		65,776
Total fund balances	216,467	26,330	69,771	1,852	314,420
Total liabilities and fund balances	$ 263,326	45,401	72,756	1,954	383,437

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Revenues:					
Taxes	$ 82,056	7,074	5,367		94,497
Licenses, permits and franchise fees	3,001				3,001
Fines, forfeitures and penalties	4,475				4,475
Use of money and property	3,690	18,313	1,136	44	23,183
Intergovernmental	52,293	7	1,274		53,574
Charges for services	43,504				43,504
Other revenue	14,961	2,190	1,160		18,311
Total revenues	203,980	27,584	8,937	44	240,545
Expenditures:					
Current:					
General government	3,375	8			3,383
Public protection	74,195				74,195
Health and sanitation	10,474				10,474
Public assistance	19,110	9,959	8,593		37,662
Education	20,941				20,941
Public ways and facilities	32,886				32,886
Recreation and culture	1,284				1,284
Debt service:					
Principal	62	27,578			27,640
Bond issuance cost		565			565
Interest	466	48,626	42		49,134
Total expenditures	162,793	86,736	8,635		258,164
Excess (deficiency) of revenues over (under) expenditures	41,187	(59,152)	302	44	(17,619)
Other Financing Sources (Uses):					
Transfers in	1,713	52,795			54,508
Transfers out	(5,075)	(1,678)	(1,616)	(102)	(8,471)
Issuance of debt		1,563			1,563
Total other financing sources (uses)	(3,362)	52,680	(1,616)	(102)	47,600
Net change in fund balances	37,825	(6,472)	(1,314)	(58)	29,981
Fund Balances at Beginning of Year, as Previously Reported	179,581	32,802	71,085	1,910	285,378
Adjustments to beginning fund balances	(939)				(939)
Fund Balances at Beginning of Year, as Restated	178,642	32,802	71,085	1,910	284,439
Fund Balances at End of Year	$ 216,467	26,330	69,771	1,852	314,420

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues that are restricted by law or administrative action to expenditures for specified purposes. Nonmajor special revenue funds used by the county are listed below:

ROAD FUND

This fund is used to account for maintenance and construction of roadways. Revenues consist primarily of the county's share of state highway user taxes and are supplemented by federal funds.

LIBRARY FUND

This fund is used to account for library services for all areas of the county except the city of Richmond. Property taxes provide most of the fund's revenues.

OTHER FIRE PROTECTION FUND

This fund is used to account for the East Contra Costa County and Crockett-Carquinez Fire Protection Districts fire protection services in the county. It is financed primarily by property taxes.

HEALTH AND SANITATION FUND

This fund is used to account for a variety of health and sanitation services. It is financed by state grants, the county's share of the tobacco tax and user fees.

SERVICE AREAS FUND

This fund is used to account for the provision of services such as lighting, park, or street maintenance by special districts to specific areas in the county. It is financed by property taxes and user charges.

FLOOD CONTROL FUND

This fund is used to account for the provision of services by special districts to control flood and storm waters. Revenues are primarily received from property taxes and federal grants.

LAW ENFORCEMENT FUND

This fund is used to account for a variety of law enforcement services financed by property taxes, narcotics seizures and court fines and fees.

COURTS AND CRIMINAL JUSTICE FUND

This fund is used to account for the improvement of courthouse and criminal justice facilities and related automated information systems. Revenues are derived from court fines and fees.

RECORDER/CLERK MODERNIZATION FUND

This fund is used to account for automation of civil and small claims functions of the courts and for micrographics and modernization of the Recorder's Office. Revenues received are from filing and recording fees.

REDEVELOPMENT AGENCY (RDA) FUND

This fund is used to account for the financial resources designated for the improvement of targeted low to moderate income housing areas and the elimination of blight.

CHILD DEVELOPMENT FUND

This fund is used to account for the financial resources designated for the county's child development programs.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY (IHSS) FUND

This fund is used to account for services to both providers and recipients of in-home care delivered through the In-Home Supportive Services program.

OTHER SPECIAL REVENUE FUND

This fund is used to account for the activities of several non-grant special revenue funds. It includes Fish and Game, VLF Securitization, Survey Monuments, Victim Assistance, Sans Crainte Drainage and county water districts.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

JUNE 30, 2005

(In Thousands)

	Road	Library	Other Fire Protection	Health & Sanitation	Service Areas	Flood Control
Assets:						
Cash and investments	$ 61,047	9,430	8,054	9,585	22,909	29,766
Accounts receivable and accrued revenue	2,408	1,180	78	464	79	1,092
Due from other funds	896	173		1	607	524
Advances to other funds	26					26
Notes receivable						
Prepaid items and deposits	407					21
Land held for resale						
Restricted cash and investments						
Total assets	$ 64,784	10,783	8,132	10,050	23,595	31,429
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ 533	1,487	844	644	547	556
Due to other funds	2,035	267	10	3,272	789	2,418
Advances from other funds						
Deferred revenue	2,292			22		
Total liabilities	4,860	1,754	854	3,938	1,336	2,974
Fund Balances:						
Reserved for:						
Encumbrances	737	1,285	99			230
Advances to other funds	26					26
Prepaid items and deposits	407					21
Land held for resale						
Housing projects						
Unreserved, designated for:						
Equipment replacement	4,420	146				376
Unreserved, undesignated	54,334	7,598	7,179	6,112	22,259	27,802
Total fund balances	59,924	9,029	7,278	6,112	22,259	28,455
Total liabilities and fund balances	$ 64,784	10,783	8,132	10,050	23,595	31,429

Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
27,800	3,169	14,959	3,062	16		36,452	226,249
241	559	35	240	2,065	607	2,644	11,692
462	1		11	392	4	1,073	4,144
						6,242	6,294
			4,432			6,262	10,694
36				233			697
			388				388
			3,168				3,168
28,539	3,729	14,994	11,301	2,706	611	52,673	263,326
195		83		707	106	1,844	7,546
7,304	167	4	2	969	497	2,531	20,265
			4,714				4,714
7	45		4,432	1,063		6,473	14,334
7,506	212	87	9,148	2,739	603	10,848	46,859
			376			235	2,962
						6,242	6,294
36				233			697
			388				388
			1,389				1,389
107							5,049
20,890	3,517	14,907		(266)	8	35,348	199,688
21,033	3,517	14,907	2,153	(33)	8	41,825	216,467
28,539	3,729	14,994	11,301	2,706	611	52,673	263,326

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Road	Library	Other Fire Protection	Health & Sanitation	Service Areas	Flood Control
Revenues:						
Taxes	$ 16,065	15,890	7,241	4,597	3,767	6,300
Licenses, permits and franchise fees					19	2,975
Fines, forfeitures and penalties				1,580		
Use of money and property	1,077	80	1	130	789	611
Intergovernmental	3,132	3,062	372	3,790	1,450	2,129
Charges for services	13,675	845	349	207	5,930	13,988
Other revenue	4,151	675	704		250	2,435
Total revenues	38,100	20,552	8,667	10,304	12,205	28,438
Expenditures:						
Current:						
General government		168				
Public protection			7,773		7,180	24,151
Health and sanitation				10,474		
Public assistance						
Education		20,772			169	
Public ways and facilities	32,532				353	1
Recreation and culture					1,080	
Debt service:						
Principal						
Interest				1		347
Total expenditures	32,532	20,940	7,773	10,475	8,782	24,499
Excess (deficiency) of revenues over (under) expenditures	5,568	(388)	894	(171)	3,423	3,939
Other Financing Sources (Uses):						
Transfers in		177				
Transfers out	(9)	(684)		(14)		(18)
Total other financing sources (uses)	(9)	(507)		(14)		(18)
Net change in fund balances	5,559	(895)	894	(185)	3,423	3,921
Fund Balances at Beginning of Year, as Previously Reported	54,365	9,924	6,384	6,297	19,775	24,534
Adjustments to beginning fund balance					(939)	
Fund Balances at Beginning of Year, as Restated	54,365	9,924	6,384	6,297	18,836	24,534
Fund Balances at End of Year	$ 59,924	9,029	7,278	6,112	22,259	28,455

Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
5,340			2,359			20,497	82,056
						7	3,001
511	2,363					21	4,475
314	68		76	19		525	3,690
7,615	328			8,725	1,120	20,570	52,293
1,106		3,568				3,836	43,504
326			40	4,759		1,621	14,961
15,212	2,759	3,568	2,475	13,503	1,120	47,077	203,980
1	2,002					1,204	3,375
12,311		1,149				21,631	74,195
							10,474
			990	13,422	1,390	3,308	19,110
							20,941
							32,886
204							1,284
						62	62
	3		79			36	466
12,516	2,005	1,149	1,069	13,422	1,390	26,241	162,793
2,696	754	2,419	1,406	81	(270)	20,836	41,187
417						1,119	1,713
(2,271)		(39)	(530)	(263)		(1,247)	(5,075)
(1,854)		(39)	(530)	(263)		(128)	(3,362)
842	754	2,380	876	(182)	(270)	20,708	37,825
20,191	2,763	12,527	1,277	149	278	21,117	179,581
							(939)
20,191	2,763	12,527	1,277	149	278	21,117	178,642
21,033	3,517	14,907	2,153	(33)	8	41,825	216,467

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

ROAD SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 16,065	16,065	16,065	
Use of money and property	593	604	1,077	473
Intergovernmental	3,805	5,411	3,132	(2,279)
Charges for services	8,860	10,354	13,675	3,321
Other revenue	4,582	6,181	4,151	(2,030)
Total revenues	33,905	38,615	38,100	(515)
Expenditures:				
Public ways and facilities				
Services and supplies	19,916	22,231	9,970	12,261
Other charges	6,980	7,567	4,915	2,652
Fixed assets	195	354	54	300
Expenditure transfers	16,309	19,512	17,593	1,919
Reserves	341	281		281
Total expenditures	43,741	49,945	32,532	17,413
Excess (deficiency) of revenues over (under) expenditures	(9,836)	(11,330)	5,568	16,898
Other Financing Sources (Uses) :				
Transfers in	433	433		(433)
Transfers out	(497)	(497)	(9)	488
Total other financing sources (uses)	(64)	(64)	(9)	55
Net change in fund balance	(9,900)	(11,394)	5,559	16,953
Fund Balance at Beginning of Year	54,365	54,365	54,365	
Fund Balance at End of Year	$ 44,465	42,971	59,924	16,953

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

LIBRARY SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 15,179	15,179	15,890	711
Use of money and property	71	71	80	9
Intergovernmental	2,408	2,408	3,062	654
Charges for services	961	961	845	(116)
Other revenue	70	531	675	144
Total revenues	18,689	19,150	20,552	1,402
Expenditures:				
General government				
Fixed assets	2,566	2,185	168	2,017
Total general government	2,566	2,185	168	2,017
Education				
Salaries and benefits	14,912	14,802	14,503	299
Services and supplies	3,441	4,133	3,714	419
Other charges	2,371	2,809	2,513	296
Fixed assets	747	609	40	569
Expenditure transfers		2	2	
Total education	21,471	22,355	20,772	1,583
Total expenditures	24,037	24,540	20,940	3,600
Deficiency of revenues under expenditures	(5,348)	(5,390)	(388)	5,002
Other Financing Sources (Uses):				
Transfers in	1,522	1,565	177	(1,388)
Transfers out	(684)	(684)	(684)	
Total other financing sources (uses)	838	881	(507)	(1,388)
Net change in fund balance	(4,510)	(4,509)	(895)	3,614
Fund Balance at Beginning of Year	9,924	9,924	9,924	
Fund Balance at End of Year	$ 5,414	5,415	9,029	3,614

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

OTHER FIRE PROTECTION SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 6,674	6,674	7,241	567
Use of money and property			1	1
Intergovernmental	5	5	372	367
Charges for services	276	276	349	73
Other revenue	683	1,045	704	(341)
Total revenues	7,638	8,000	8,667	667
Expenditures:				
Public protection				
Salaries and benefits	5,275	5,877	5,766	111
Services and supplies	4,120	3,686	1,364	2,322
Other charges	588	588	565	23
Fixed assets	4,025	4,218	78	4,140
Total expenditures	14,008	14,369	7,773	6,596
Excess (deficiency) of revenues over (under) expenditures	(6,370)	(6,369)	894	7,263
Other Financing Sources (Uses):				
Transfers in	206	206		(206)
Transfers out	(206)	(206)		206
Total other financing sources (uses)				
Net change in fund balance	(6,370)	(6,369)	894	7,263
Fund Balance at Beginning of the Year	6,384	6,384	6,384	
Fund Balance at End of Year	$ 14	15	7,278	7,263

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

HEALTH AND SANITATION SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 4,540	4,597	4,597	
Fines, forfeitures and penalties	1,514	1,578	1,580	2
Use of money and property	3	2	130	128
Intergovernmental	4,531	4,613	3,790	(823)
Charges for services	433	442	207	(235)
Total revenues	11,021	11,232	10,304	(928)
Expenditures:				
Current:				
Health and sanitation				
Salaries and benefits	250	271	254	17
Services and supplies	11,440	10,111	4,144	5,967
Other charges	1,129	2,050	2,005	45
Fixed assets	25	75	38	37
Expenditure transfers	4,385	4,987	4,033	954
Total health and sanitation	17,229	17,494	10,474	7,020
Debt service:				
Principal	60	6		6
Interest	10	10	1	9
Total expenditures	17,299	17,510	10,475	7,035
Deficiency of revenues under expenditures	(6,278)	(6,278)	(171)	6,107
Other Financing Uses:				
Transfers out	(8)	(14)	(14)	
Total other financing uses	(8)	(14)	(14)	
Net change in fund balance	(6,286)	(6,292)	(185)	6,107
Fund Balance at Beginning of Year	6,297	6,297	6,297	
Fund Balance at End of Year	$ 11	5	6,112	6,107

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

SERVICE AREAS SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 3,558	3,150	3,767	617
Licenses, permits and franchise fees	247	247	19	(228)
Use of money and property	342	334	789	455
Intergovernmental	1,390	1,390	1,450	60
Charges for services	1,834	1,840	5,930	4,090
Other revenue	9	19	250	231
Total revenues	7,380	6,980	12,205	5,225
Expenditures:				
Public protection				
Services and supplies	11,515	11,326	4,279	7,047
Other charges	1,691	1,772	2,366	(594)
Fixed assets	2,924	2,924	22	2,902
Expenditure transfers	388	501	513	(12)
Reserves	19	19		19
Total public protection	16,537	16,542	7,180	9,362
Education				
Services and supplies	25			
Other charges		174	169	5
Total education	25	174	169	5
Public ways and facilities				
Services and supplies	4,879	4,413	25	4,388
Other charges	295	350	321	29
Fixed assets	956			
Expenditure transfers	27	21	7	14
Total public ways and facilities	6,157	4,784	353	4,431

(continued)

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

SERVICE AREAS SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Recreation and culture				
Salaries and benefits	2	3	3	
Services and supplies	920	913	688	225
Other charges	243	251	206	45
Fixed assets	1,964	1,905	12	1,893
Expenditure transfers	139	206	171	35
Total recreation and culture	3,268	3,278	1,080	2,198
Total expenditures	25,987	24,778	8,782	15,996
Excess (deficiency) of revenues over (under) expenditures	(18,607)	(17,798)	3,423	21,221
Other Financing Sources (Uses):				
Transfers in	25	25		(25)
Transfers out	(130)			
Total other financing sources (uses)	(105)	25		(25)
Net change in fund balance	(18,712)	(17,773)	3,423	21,196
Fund Balance at Beginning of Year, as Previously Reported	19,775	19,775	19,775	
Adjustments to beginning fund balance			(939)	(939)
Fund Balance at Beginning of Year, as Restated	19,775	19,775	18,836	(939)
Fund Balance at End of Year	$ 1,063	2,002	22,259	20,257

(concluded)

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

FLOOD CONTROL SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 5,530	5,615	6,300	685
Licenses, permits and franchise fees	1,800	2,277	2,975	698
Use of money and property	166	601	611	10
Intergovernmental	966	1,273	2,129	856
Charges for services	13,022	13,275	13,988	713
Other revenue	707	1,751	2,435	684
Total revenues	22,191	24,792	28,438	3,646
Expenditures:				
Current:				
Public protection				
Salaries and benefits	2	2	2	
Services and supplies	20,184	20,115	14,472	5,643
Other charges	11,693	11,331	2,344	8,987
Fixed assets	86	6		6
Expenditure transfers	5,852	8,033	7,333	700
Reserves	2,666	2,578		2,578
Total public protection	40,483	42,065	24,151	17,914
Public ways and facilities				
Services and supplies	3,666	3,666		3,666
Other charges	1,524	1,524	1	1,523
Total public ways and facilities	5,190	5,190	1	5,189
Debt service:				
Principal		911		911
Interest	306	415	347	68
Total expenditures	45,979	48,581	24,499	24,082
Excess (deficiency) of revenues over (under) expenditures	(23,788)	(23,789)	3,939	27,728
Other Financing Sources (Uses):				
Transfers in	355	355		(355)
Transfers out	(757)	(757)	(18)	739
Total other financing sources (uses)	(402)	(402)	(18)	384
Net change in fund balance	(24,190)	(24,191)	3,921	28,112
Fund Balance at Beginning of Year	24,534	24,534	24,534	
Fund Balance at End of Year	$ 344	343	28,455	28,112

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

LAW ENFORCEMENT SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 5,142	5,215	5,340	125
Fines, forfeitures and penalties	396	396	511	115
Use of money and property	177	177	314	137
Intergovernmental	7,285	7,288	7,615	327
Charges for services	716	716	1,106	390
Other revenue	339	348	326	(22)
Total revenues	14,055	14,140	15,212	1,072
Expenditures:				
General government				
Services and supplies	4,686	4,185		4,185
Other charges		1	1	
Total general government	4,686	4,186	1	4,185
Public protection				
Salaries and benefits	1,788	1,922	1,514	408
Services and supplies	11,820	11,000	3,524	7,476
Other charges	3,115	4,206	3,729	477
Fixed assets	94	116	45	71
Expenditure transfers	8,288	6,768	3,499	3,269
Total public protection	25,105	24,012	12,311	11,701
Recreation and culture				
Salaries and benefits	6	5	5	
Services and supplies	151	155	155	
Other charges	18	27	27	
Fixed assets	5	11	11	
Expenditure transfers	6	6	6	
Total recreation and culture	186	204	204	
Total expenditures	29,977	28,402	12,516	15,886
Excess (deficiency) of revenues over (under) expenditures	(15,922)	(14,262)	2,696	16,958
Other Financing Sources (Uses):				
Transfers in	607	799	417	(382)
Transfers out	(909)	(2,844)	(2,271)	573
Total other financing sources (uses)	(302)	(2,045)	(1,854)	191
Net change in fund balance	(16,224)	(16,307)	842	17,149
Fund Balance at Beginning of Year	20,191	20,191	20,191	
Fund Balance at End of Year	$ 3,967	3,884	21,033	17,149

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

COURTS AND CRIMINAL JUSTICE SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fines, forfeitures and penalties	$ 1,900	1,900	2,363	463
Use of money and property			68	68
Intergovernmental	404	404	328	(76)
Other charges		98		(98)
Total revenues	2,304	2,402	2,759	357
Expenditures:				
Current:				
General government				
Services and supplies	3,539	3,035		3,035
Other charges	1,400	2,002	2,002	
Total general government	4,939	5,037	2,002	3,035
Public protection				
Services and supplies	124	124		124
Total public protection	124	124		124
Debt service:				
Interest	3	3	3	
Total expenditures	5,066	5,164	2,005	3,159
Net change in fund balance	(2,762)	(2,762)	754	3,516
Fund Balance at Beginning of Year	2,763	2,763	2,763	
Fund Balance at End of Year	$ 1	1	3,517	3,516

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

RECORDER/CLERK MODERNIZATION SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 2,353	2,353	3,568	1,215
Total revenues	2,353	2,353	3,568	1,215
Expenditures:				
Public protection				
Salaries and benefits	1,010	1,010	744	266
Services and supplies	11,216	11,213	343	10,870
Other charges	93	96	62	34
Fixed assets	2,512	2,512		2,512
Total expenditures	14,831	14,831	1,149	13,682
Excess (deficiency) of revenues over (under) expenditures	(12,478)	(12,478)	2,419	14,897
Other Financing Uses:				
Transfers out	(39)	(39)	(39)	
Total other financing uses	(39)	(39)	(39)	
Net change in fund balance	(12,517)	(12,517)	2,380	14,897
Fund Balance at Beginning of Year	12,527	12,527	12,527	
Fund Balance at End of Year	$ 10	10	14,907	14,897

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 1,942	1,876	2,359	483
Use of money and property	44	44	76	32
Other revenue	16	16	40	24
Total revenues	2,002	1,936	2,475	539
Expenditures:				
Current:				
Public assistance				
Services and supplies	6,035	5,951	990	4,961
Other charges	380	381		381
Fixed assets	455	466		466
Total public assistance	6,870	6,798	990	5,808
Debt service:				
Interest		79	79	
Total expenditures	6,870	6,877	1,069	5,808
Excess (deficiency) of revenues over (under) expenditures	(4,868)	(4,941)	1,406	6,347
Other Financing Uses:				
Transfers out	(600)	(528)	(530)	(2)
Total other financing uses	(600)	(528)	(530)	(2)
Net change in fund balance	(5,468)	(5,469)	876	6,345
Fund Balance at Beginning of Year	1,277	1,277	1,277	
Fund Balance at End of Year	$ (4,191)	(4,192)	2,153	6,345

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

CHILD DEVELOPMENT SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 8	8	19	11
Intergovernmental	8,294	8,324	8,725	401
Other revenue	6,153	6,391	4,759	(1,632)
Total revenues	14,455	14,723	13,503	(1,220)
Expenditures:				
Public assistance				
Salaries and benefits	7,544	6,437	5,654	783
Services and supplies	1,205	1,110	959	151
Other charges	472	487	317	170
Expenditure transfers	5,040	6,495	6,492	3
Total expenditures	14,261	14,529	13,422	1,107
Excess of revenues over expenditures	194	194	81	(113)
Other Financing Uses:				
Transfers out	(263)	(263)	(263)	
Total other financing uses	(263)	(263)	(263)	
Net change in fund balance	(69)	(69)	(182)	(113)
Fund Balance at Beginning of Year	149	149	149	
Fund Balance at End of Year	$ 80	80	(33)	(113)

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$	1,312	1,120	(192)
Other revenue		17		(17)
Total revenues		1,329	1,120	(209)
Expenditures:				
Public assistance				
Salaries and benefits		936	898	38
Services and supplies	270	464	294	170
Other charges		201	198	3
Total expenditures	270	1,601	1,390	211
Net change in fund balance	(270)	(272)	(270)	2
Fund Balance at Beginning of Year	278	278	278	
Fund Balance at End of Year	$ 8	6	8	2

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

OTHER SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 1,143	1,143	20,497	19,354
Licenses, permits and franchise fees	106	106	7	(99)
Fines, forfeitures and penalties	60	60	21	(39)
Use of money and property	240	241	525	284
Intergovernmental	20,859	21,121	20,570	(551)
Charges for services	3,199	3,406	3,836	430
Other revenue	643	760	1,621	861
Total revenues	26,250	26,837	47,077	20,240
Expenditures:				
Current:				
General government				
Services and supplies	2,537	2,529		2,529
Other charges	1	1,202	1,123	79
Expenditure transfers	75	83	81	2
Total general government	2,613	3,814	1,204	2,610
Public protection				
Salaries and benefits	16,214	16,083	15,366	717
Services and supplies	7,552	5,651	3,680	1,971
Other charges	65	1,769	1,694	75
Fixed assets	10	20	13	7
Expenditure transfers	520	915	878	37
Total public protection	24,361	24,438	21,631	2,807
Public assistance				
Salaries and benefits	13	13	13	
Services and supplies	8,171	7,252	1,937	5,315
Other charges	176	1,115	1,036	79
Fixed assets		30	26	4
Expenditure transfers	100	400	296	104
Total public assistance	8,460	8,810	3,308	5,502
Public ways and facilities				
Services and supplies	251	251		251
Total public ways and facilities	251	251		251
Debt service:				
Principal		49	62	(13)
Interest	30	30	36	(6)
Total expenditures	35,715	37,392	26,241	11,151
Excess (deficiency) of revenues over (under) expenditures	(9,465)	(10,555)	20,836	31,391
Other Financing Sources (Uses):				
Transfers in	636	644	1,119	475
Transfers out	(3,114)	(2,034)	(1,247)	787
Total other financing sources (uses)	(2,478)	(1,390)	(128)	1,262
Net change in fund balance	(11,943)	(11,945)	20,708	32,653
Fund Balance at Beginning of Year	21,117	21,117	21,117	
Fund Balance at End of Year	$ 9,174	9,172	41,825	32,653

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

Function and Activity	Balance July 1, 2004	Additions	Deletions	Transfers	Balance June 30, 2005
General government:					
Legislative and administrative	$ 508		(5)		503
Finance	1,081	63	(20)	8	1,132
Counsel	32	7			39
Personnel	199			(8)	191
Elections	1,791	49	(568)	15	1,287
Communications	8,079	3,727	(10)	393	12,189
Property management	23,636	1,573	(1,092)	(43)	24,074
Plant acquisition	525,002	20,459	(480)	(544)	544,437
Other general	7,702	320	(1,729)		6,293
Total general government	568,030	26,198	(3,904)	(179)	590,145
Public protection:					
Judicial	2,194	11	(91)	(87)	2,027
Police protection	16,080	354	(45)	746	17,135
Detention and correction	35,477	33	(63)	(716)	34,731
Fire protection	52,439	4,407	(803)		56,043
Flood control	161,214	2,827	(1,137)		162,904
Protective inspection	2,433	213	(174)	(36)	2,436
Other protection	4,407	434	(87)	44	4,798
Total public protection	274,244	8,279	(2,400)	(49)	280,074
Health and sanitation:					
Health	2,129	79	(90)		2,118
Hospital care	773	4	(47)		730
Sanitation	988				988
Total health and sanitation	3,890	83	(137)		3,836
Public assistance:					
Assistance administration	3,739	235	(481)		3,493
Aid programs	580		(7)		573
Veteran's services	7	5			12
Other assistance	4,832	1,706	(14)		6,524
Total public assistance	9,158	1,946	(502)		10,602
Education:					
Library services	7,534	227		(20)	7,741
Agricultural education	6				6
Total education	7,540	227		(20)	7,747
Public ways and facilities:					
Public ways	216,490	13,659	(2,497)	248	227,900
Total public ways and facilities	216,490	13,659	(2,497)	248	227,900
Recreation and cultural services:					
Veteran's memorial buildings	25				25
Recreation facilities	5,023	12			5,035
Total recreation and cultural services	5,048	12			5,060
Total governmental funds capital assets	$ 1,084,400	50,404	(9,440)		1,125,364

Equipment	Equipment Lease Purchases	Infrastructure	Construction in Progress
503			
1,132			
39			
191			
1,287			
7,812	4,364		
19,745	180		
359			4,731
4,845	1,448		
35,913	5,992		4,731
2,027			
15,508			
2,369			
30,735	1,119		47
1,282		142,583	18,838
2,436			
2,152			
56,509	1,119	142,583	18,885
2,118			
544	45		
64			
2,726	45		
3,398	95		
256	317		
12			
968	16		
4,634	428		
1,388			
6			
1,394			
7,742		205,177	11,336
7,742		205,177	11,336
25			
25			
108,943	7,584	347,760	34,952

COUNTY OF CONTRA COSTA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2005

(In Thousands)

Function and Activity		Total	Land	Buildings & Improvements	Buildings & Improvements Lease Purchases
General government:					
Legislative and administrative	$	503			
Finance		1,132			
Counsel		39			
Personnel		191			
Elections		1,287			
Communications		12,189		13	
Property management		24,074		1,055	3,094
Plant acquisition		544,437	54,565	353,918	130,864
Other general		6,293			
Total general government		590,145	54,565	354,986	133,958
Public protection:					
Judicial		2,027			
Police protection		17,135	7	1,620	
Detention and correction		34,731	1,492	30,870	
Fire protection		56,043	4,381	19,761	
Flood control		162,904	177	24	
Protective inspection		2,436			
Other protection		4,798		2,646	
Total public protection		280,074	6,057	54,921	
Health and sanitation:					
Health		2,118			
Hospital care		730	141		
Sanitation		988		924	
Total health and sanitation		3,836	141	924	
Public assistance:					
Assistance administration		3,493			
Aid programs		573			
Veteran's services		12			
Other assistance		6,524	3,127	2,413	
Total public assistance		10,602	3,127	2,413	
Education:					
Library services		7,741	349	6,004	
Agricultural education		6			
Total education		7,747	349	6,004	
Public ways and facilities:					
Public ways		227,900	389	3,256	
Total Public ways and facilities		227,900	389	3,256	
Recreation and cultural services:					
Veteran's memorial buildings		25			
Recreation facilities		5,035	497	4,538	
Total recreation and cultural services		5,060	497	4,538	
Total general capital assets	$	1,125,364	65,125	427,042	133,958

COUNTY OF CONTRA COSTA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNDING SOURCES

JUNE 30, 2005

(In Thousands)

General Capital Assets:		
Land	$	65,125
Buildings and improvements		427,042
Buildings and improvements - lease purchases		133,958
Equipment		108,943
Equipment - lease purchase		7,584
Infrastructure		347,760
Construction in progress		34,952
Total governmental funds capital assets	$	1,125,364
Investments in Capital Assets from:		
General obligation bonds	$	46,641
Federal grants		71,889
State grants		80,854
General fund		416,226
Special revenue funds		504,998
Other government agencies		3,241
Gifts		1,515
Total governmental funds capital assets	$	1,125,364

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Totals-Agency Funds:				
Assets:				
Cash and investments	$ 147,545	2,306,087	2,312,463	141,169
Accounts receivable	42,524	55,280	74,962	22,842
Due from other governments	8,510	265,811	266,520	7,801
Taxes receivable	172,773	1,017,381	1,066,793	123,361
Prepaid items and deposits	275	2,971	3,246	
Total assets	$ 371,627	3,647,530	3,723,984	295,173
Liabilities:				
Warrants outstanding	$ 42,229	1,129,861	1,127,180	44,910
Accounts payable	96,196	988,316	1,040,643	43,869
Due to other governments	38,993	90,820	105,785	24,028
Unapportioned taxes	87,153	1,363,855	1,361,043	89,965
Tax loss guarantees	20,168	12,036	9,070	23,134
Due to other agencies and districts	86,888	309,901	327,522	69,267
Total liabilities	$ 371,627	3,894,789	3,971,243	295,173

(concluded)

COUNTY OF CONTRA COSTA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Tax Losses Reserve:				
Assets:				
Cash and investments	$ 15,616	11,579	9,262	17,933
Due from other governments	4,552	5,201	4,552	5,201
Total assets	$ 20,168	16,780	13,814	23,134
Liabilities:				
Tax loss guarantees	$ 20,168	12,036	9,070	23,134
Total liabilities	$ 20,168	12,036	9,070	23,134
Unapportioned Taxes:				
Assets:				
Accounts receivable	$ 32,585	41,048	60,694	12,939
Due from other governments	36	106,431	106,439	28
Taxes receivable	172,773	1,017,381	1,066,793	123,361
Total assets	$ 205,394	1,164,860	1,233,926	136,328
Liabilities:				
Accounts payable	$ 88,887	47,950	107,835	29,002
Due to other governments	29,354	71,979	83,972	17,361
Unapportioned taxes	87,153	1,363,855	1,361,043	89,965
Total liabilities	$ 205,394	1,483,784	1,552,850	136,328
Other Agencies:				
Assets:				
Cash and investments	$ 131,929	2,294,508	2,303,201	123,236
Accounts receivable	9,939	14,232	14,268	9,903
Due from other governments	3,922	154,179	155,529	2,572
Prepaid items and deposits	275	2,971	3,246	
Total assets	$ 146,065	2,465,890	2,476,244	135,711
Liabilities:				
Warrants outstanding	$ 42,229	1,129,861	1,127,180	44,910
Accounts payable	7,309	940,366	932,808	14,867
Due to other governments	9,639	18,841	21,813	6,667
Due to other agencies and districts	86,888	309,901	327,522	69,267
Total liabilities	$ 146,065	2,398,969	2,409,323	135,711

(continued)

FIDUCIARY FUNDS

AGENCY FUNDS

TAX LOSSES RESERVE

This fund was established as a reserve for all delinquent secured taxes. It accumulates gains from tax sales and specified amounts of penalties and interest collected on delinquent secured taxes to cover possible future losses on the sale of tax-deeded property.

UNAPPORTIONED TAXES

This fund is used to account for unsecured taxes receivable, delinquent secured taxes, amounts which are impounded because of disputes or litigation and amounts held pending authority for apportionment.

OTHER AGENCIES

This fund is used to account for assets held by the county for individuals, private organizations and other governmental units. This fund includes payroll deduction clearing and other collections clearing monies.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
4,278	767	3,535	1,006		374	49,638
(3,361)	(182)	(6,983)	(1,618)	(3,133)	(377)	(48,116)
917	585	(3,448)	(612)	(3,133)	(3)	1,522
		1,978		4,000		5,978
		1,978		4,000		5,978
63		725	42		7	1,644
63		725	42		7	1,644
980	585	(745)	(570)	867	4	9,144
3,796	2,155	28,726	2,756	5,207	717	75,625
4,776	2,740	27,981	2,186	6,074	721	84,769
(2,125)	250	(5,848)	(612)	(4,073)	37	(4,570)
(215)		1			(1)	(949)
(1)	(5)	(162)			(37)	484
3,269	328	2,531		928	(2)	6,562
(11)	12	30		12		(5)
917	585	(3,448)	(612)	(3,133)	(3)	1,522

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Cash Flows from Operating Activities:			
Cash received from customers/other funds	$ 8,487	1,558	29,633
Cash payment to suppliers for goods and services	(8,282)	(758)	(23,422)
Net Cash Provided by (Used for) Operating Activities	205	800	6,211
Cash Flows from Noncapital Financing Activities:			
Transfers received			
Net Cash Provided by (Used for) Noncapital Financing Activities			
Cash Flows from Investing Activities:			
Interest received on investments	24	54	729
Net Cash Provided by Investing Activities	24	54	729
Net Increase (Decrease) in Cash and Cash Equivalents	229	854	6,940
Cash and Cash Equivalents at Beginning of Year	2,217	2,620	27,431
Cash and Cash Equivalents at End of Year	$ 2,446	3,474	34,371
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (473)	759	7,515
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable and accrued revenue	(9)	54	(779)
Due from other funds	688	1	
Increase (decrease) in:			
Accounts payable and accrued liabilities		(16)	(476)
Due to other funds	(1)	2	(49)
Net Cash Provided by (Used for) Operating Activities	$ 205	800	6,211

Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
772	3,696	1,006		412	50,103
772	3,696	1,006		412	50,103
145	2,753	8	2,584	312	12,233
377	6,791	1,610	1,489	63	42,440
522	9,544	1,618	4,073	375	54,673
250	(5,848)	(612)	(4,073)	37	(4,570)
	725	42		7	1,644
250	(5,123)	(570)	(4,073)	44	(2,926)
	1,978		4,000		5,978
250	(3,145)	(570)	(73)	44	3,052
704	7,775	2,606	(981)	713	(48,596)
954	4,630	2,036	(1,054)	757	(45,544)

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection
Operating Revenues:				
Charges for services	$ 7,808	1,503	30,412	4,494
Total operating revenues	7,808	1,503	30,412	4,494
Operating Expenses:				
Services and supplies	523	25	5,372	511
Benefit and claim expense	7,758	719	17,525	6,108
Total operating expenses	8,281	744	22,897	6,619
Operating Income (Loss)	(473)	759	7,515	(2,125)
Nonoperating Revenues:				
Investment income	24	54	729	63
Income (loss) before transfers	(449)	813	8,244	(2,062)
Transfers in				
Change in net assets	(449)	813	8,244	(2,062)
Total Net Assets at Beginning of Year	2,385	2,354	(56,127)	(8,025)
Total Net Assets at End of Year	$ 1,936	3,167	(47,883)	(10,087)

Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
2,740	27,981	2,186	6,074	721	84,769
	11	87		1	3,028
64	234			37	344
2,804	28,226	2,273	6,074	759	88,141
26	370	16	60	2	1,415
622	5,366	221	1,701		47,751
1,202	17,860		5,367		84,519
1,850	23,596	237	7,128	2	133,685
954	4,630	2,036	(1,054)	757	(45,544)
954	4,630	2,036	(1,054)	757	(45,544)
2,804	28,226	2,273	6,074	759	88,141

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 2005
(In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection
Assets:				
Cash and investments	$ 2,446	3,474	34,371	4,776
Accounts receivable and accrued revenue (net)	9	115	2,442	363
Due from other funds				9
Total assets	$ 2,455	3,589	36,813	5,148
Liabilities and Equity:				
Liabilities:				
Due to other funds	$ 47	25	772	97
Claims payable:				
Current	472	397	34,376	4,596
Noncurrent			49,548	10,542
Total liabilities	519	422	84,696	15,235
Net Assets:				
Unrestricted net assets	1,936	3,167	(47,883)	(10,087)
Total net assets	1,936	3,167	(47,883)	(10,087)
Total liabilities and net assets	$ 2,455	3,589	36,813	5,148

INTERNAL SERVICE FUNDS

SELF-INSURANCE FUNDS

These funds are used to account for administrative costs and payments of claims under the various insurance programs. Revenues are primarily premiums paid by other operating funds and interest on investments. The insurance programs are:

Employee Dental Insurance
Long-Term Disability Insurance (Management Employees)
Workers' Compensation Insurance

- County General
- Fire Protection

Automotive Liability Insurance
Public (General) Liability Insurance
State Unemployment Insurance
Medical Liability Insurance
Special District Property Insurance

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Cash Flows from Operating Activities:				
Cash received from customers/other funds	$ 3,310	769	1,835	5,914
Cash payment to suppliers for goods and services	(1,202)	(418)	(994)	(2,614)
Cash payment to employees for services	(1,468)	(901)		(2,369)
Net Cash Provided by Operating Activities	640	(550)	841	931
Cash flows from Noncapital Financing Activities:				
State and federal grants	452	271		723
Transfers received	13			13
Transfers paid	(130)	(57)		(187)
Due to other funds		368		368
Net Cash Provided by (Used for) Noncapital Financing Activities	335	582		917
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(473)	(31)		(504)
Interest paid	(80)			(80)
Lease purchase obligation principal payment	(385)			(385)
Proceeds from notes payable	(313)			(313)
Net Cash Used in Capital and Related Financing Activities	(1,251)	(31)		(1,282)
Cash Flows from Investing Activities:				
Interest received on investments	1			1
Net Cash Provided by Investing Activities	1			1
Net Increase in Cash and Cash Equivalents	(275)	1	841	567
Cash and Cash Equivalents at Beginning of Year	750		443	1,193
Cash and Cash Equivalents at End of Year	$ 475	1	1,284	1,760
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:				
Operating loss	$ (1,325)	(451)	(96)	(1,872)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	1,897	31		1,928
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable and accrued revenue	(194)	(87)	116	(165)
Inventories	3			3
Due from other funds	(5)	19	(4)	10
Prepaid items and deposits	23	14		37
Increase (decrease) in:				
Accounts payable and accrued liabilities	176	(10)	(8)	158
Employee benefits payable	22	14		36
Due to other funds	27	(84)	833	776
Compensated absences	16	4		20
Net Cash Provided by (Used in) Operating Activities	$ 640	(550)	841	931
Noncash capital financing activities (Airport):				
Change in accrued interest	$ 15			15

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Operating Revenues:				
Use of money and property	$ 3,088		20	3,108
Charges for services	2	826	1,703	2,531
Other revenue	419	11		430
Total operating revenues	3,509	837	1,723	6,069
Operating Expenses:				
Salaries and employee benefits	1,506	919		2,425
Services and supplies	724	255	1,819	2,798
Other charges	414	83		497
Expenditure transfers	293			293
Depreciation	1,897	31		1,928
Total operating expenses	4,834	1,288	1,819	7,941
Operating income (loss)	(1,325)	(451)	(96)	(1,872)
Nonoperating Revenues (Expenses):				
State and federal grants	452	271		723
Investment income	1			1
Interest expense	(69)			(69)
Total nonoperating revenues (expenses)	384	271		655
Income (Loss) Before Transfers	(941)	(180)	(96)	(1,217)
Transfers in	13			13
Transfers out	(130)	(57)		(187)
Change in net assets	(1,058)	(237)	(96)	(1,391)
Total Net Assets at Beginning of Year	24,246	(361)	629	24,514
Total Net Assets at End of Year	$ 23,188	(598)	533	23,123

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005
(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Assets:				
Current assets:				
Cash and investments	$ 456	1	1,284	1,741
Accounts receivable and accrued revenue (net)	249	128	102	479
Inventories	3			3
Due from other funds	12	22	1	35
Prepaid items and deposits	18	30		48
Total current assets	738	181	1,387	2,306
Noncurrent assets:				
Restricted cash and investements	19			19
Capital assets:				
Nondepreciable	11,081			11,081
Depreciable, net	13,367	397		13,764
Total noncurrent assets	24,467	397		24,864
Total assets	$ 25,205	578	1,387	27,170
Liabilities and Net Assets				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	$ 558	75	17	650
Accrued interest payable	9			9
Due to other funds	109	1,063	837	2,009
Current portion of long-term liabilities	374	4		378
Total current liabilities	1,050	1,142	854	3,046
Noncurrent portion of long-term liabilities:				
Capital lease obligations	889			889
Compensated absences	78	34		112
Total noncurrent portion of long-term liabilities	967	34		1,001
Total liabilities	2,017	1,176	854	4,047
Net Assets:				
Invested in capital assets, net of related debt	23,194	397		23,591
Unrestricted	(6)	(995)	533	(468)
Total net assets	23,188	(598)	533	23,123
Total liabilities and net assets	$ 25,205	578	1,387	27,170

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

AIRPORT FUND

This fund was established to account for the financial activities of the Buchanan Field and Byron Airport aviation facilities. Revenues include receipts under rental and lease arrangements involving county airport facilities, and state and federal aid.

SHERIFF LAW ENFORCEMENT TRAINING CENTER FUND

This fund was established to account for the financial activities of the Sheriff Law Enforcement Training Center. The center provides training to law enforcement personnel from the County Sheriff's Office and other agencies. Revenues include tuition fees paid by the student or law enforcement agency and state aid.

MAJOR RISK MEDICAL INSURANCE FUND

This fund is used to account for operations of the county's participation in the state's Major Risk Medical Insurance Program. The program is designed to provide health insurance to Californians who are unable to obtain coverage on the open market. The Contra Costa Health Plan acts as the fiscal intermediary for the state. The county is not at risk for the costs of services in the program, which is funded through a combination of subscriber premiums and state funding from tobacco tax monies.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

Nonmajor Governmental Fund

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The county's Permanent Fund is included in the combining financial statements of the nonmajor governmental funds (starting on page 99).

LIBRARY GIFT PERMANENT FUND

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the fund is used to support the county libraries.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

COUNTY FACILITIES CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	$		2	2
Total revenues			2	2
Expenditures:				
Debt service:				
Interest				
Total expenditures				
Net change in fund balance			2	2
Fund Balance at Beginning of Year	66	66	66	
Fund Balance at End of Year	$ 66	66	68	2

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 5,134	4,713	5,367	654
Use of money and property	156	156	1,067	911
Intergovernmental	1,285	1,285	1,274	(11)
Charges for services	5,675	5,675		(5,675)
Other revenue	1,021	1,171	1,160	(11)
Total Revenues	13,271	13,000	8,868	(4,132)
Expenditures:				
Current:				
Public assistance				
Salaries and benefits	10	10	9	1
Services and supplies	13,353	12,646	1,827	10,819
Other charges	66,870	65,479	5,091	60,388
Fixed assets		1,811	1,666	145
Expenditure transfers	734	739		739
Total public assistance	80,967	80,685	8,593	72,092
Debt service:				
Interest	31	42	42	
Total expenditures	80,998	80,727	8,635	72,092
Excess (deficiency) of revenues over (under) expenditures	(67,727)	(67,727)	233	67,960
Other Financing Uses:				
Transfers out	(808)	(808)	(1,616)	(808)
Total other financing uses	(808)	(808)	(1,616)	(808)
Net change in fund balance	(68,535)	(68,535)	(1,383)	67,152
Fund Balance at Beginning of Year	67,060	67,060	67,060	
Fund Balance at End of Year	$ (1,475)	(1,475)	65,677	67,152

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
Revenues:				
Taxes	$ 5,367			5,367
Use of money and property	1,067	2	67	1,136
Intergovernmental	1,274			1,274
Other revenue	1,160			1,160
Total revenues	8,868	2	67	8,937
Expenditures:				
Current:				
Public assistance	8,593			8,593
Debt service:				
Interest	42			42
Total expenditures	8,635			8,635
Excess of revenues over expenditures	233	2	67	302
Other Financing Uses:				
Transfers out	(1,616)			(1,616)
Total other financing uses	(1,616)			(1,616)
Net change in fund balance	(1,383)	2	67	(1,314)
Fund Balances at Beginning of Year	67,060	66	3,959	71,085
Fund Balances at End of Year	$ 65,677	68	4,026	69,771

COUNTY OF CONTRA COSTA

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

JUNE 30, 2005

(In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
Assets:				
Cash and investments	$ 24,674	146	711	25,531
Accounts receivable and accrued revenue (net)	928			928
Due from other funds	213			213
Notes receivable	33			33
Land held for resale	393			393
Restricted cash and investements	42,342		3,316	45,658
Total assets	$ 68,583	146	4,027	72,756
Liabilites and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 144	78	1	223
Due to other funds	1,246			1,246
Advances from other funds	1,483			1,483
Deferred revenue	33			33
Total liabilities	2,906	78	1	2,985
Fund balances:				
Reserved for:				
Encumbrances	3,029			3,029
Land held for resale	393			393
Programs with purpose restrictions	558			558
Bond proceeds with eligibility restrictions	15			15
Unreserved, undesignated:	61,682	68	4,026	65,776
Total fund balances	65,677	68	4,026	69,771
Total liabilities and fund balances	$ 68,583	146	4,027	72,756

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary funds.

REDEVELOPMENT AGENCY (RDA) FUND

This fund accounts for the acquisition of real property and construction of improvements thereon in the county's unincorporated areas by the Redevelopment Agency for the purpose of removing or preventing blight.

COUNTY FACILITIES FUND

This fund is used to account for improvements made to Juvenile Hall facilities and other miscellaneous capital projects.

ASSESSMENT DISTRICTS FUND

This fund is used to account for all the capital improvement projects constructed using assessment district funds.

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

PENSION BOND DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 617	647	876	229
Other revenue	1,652	1,652	1,652	
Total revenues	2,269	2,299	2,528	229
Expenditures:				
Current:				
General government	8	8	8	
Debt service:				
Principal	14,463	14,485	14,485	
Interest	32,894	32,894	32,894	
Total expenditures	47,365	47,387	47,387	
Deficiency of revenues under expenditures	(45,096)	(45,088)	(44,859)	229
Other Financing Sources:				
Transfers in	47,810	47,810	47,810	
Total other financing sources	47,810	47,810	47,810	
Net change in fund balance	2,714	2,722	2,951	229
Fund Balance at Beginning of Year	(4,884)	(4,884)	(4,884)	
Fund Balance at End of Year	$ (2,170)	(2,162)	(1,933)	229

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

REDEVELOPMENT AGENCY DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 1,690	3,352	4,069	717
Use of money and property			288	288
Total revenues	1,690	3,352	4,357	1,005
Expenditures:				
Current:				
Public assistance	1	1	1	
Debt service:				
Principal	855	1,252	1,250	2
Interest	3,645	4,492	4,486	6
Total expenditures	4,501	5,745	5,737	8
Deficiency of revenues under expenditures	(2,811)	(2,393)	(1,380)	1,013
Other Financing Sources:				
Transfers in			1,510	1,510
Issuance of debt	2,811	2,371		(2,371)
Total other financing sources	2,811	2,371	1,510	(861)
Net change in fund balance		(22)	130	152
Fund Balance at Beginning of Year	12,752	12,752	12,752	
Fund Balance at End of Year	$ 12,752	12,730	12,882	152

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

RETIREMENT LITIGATION SETTLEMENT DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other revenue	$ 51	51	51	
Total revenues	51	51	51	
Expenditures:				
Debt service:				
Principal	615	615	615	
Interest	2,145	2,145	2,145	
Total expenditures	2,760	2,760	2,760	
Deficiency of revenues under expenditures	(2,709)	(2,709)	(2,709)	
Other Financing Sources:				
Transfers in	2,709	2,709	2,709	
Total other financing sources	2,709	2,709	2,709	
Net change in fund balance				
Fund Balance at Beginning of Year				
Fund Balance at End of Year	$			

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

STORM DRAINAGE BONDS DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 5	5	5	
Total revenues				
Expenditures:				
Debt service:				
Principal	5	5	5	
Total expenditures	5	5	5	
Net change in fund balance				
Fund Balance at Beginning of Year	1	1	1	
Fund Balance at End of Year	$ 1	1	1	

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

RECREATION AND PARK BONDS DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 529	529	554	25
Intergovernmental	5	5	7	2
Total revenues	534	534	561	27
Expenditures:				
Current:				
Public assistance	9	9	2	7
Debt service:				
Principal	420	420	510	(90)
Interest	124	124	13	111
Total expenditures	553	553	525	28
Net change in fund balance	(19)	(19)	36	55
Fund Balance at Beginning of Year	20	20	20	
Fund Balance at End of Year	$ 1	1	56	55

Retirement Litigation Settlement	Redevelopment Agency	Pension Bond	Assessment Districts	Total
	4,069		2,446	7,074
	288	876	41	18,313
				7
51		1,652		2,190
51	4,357	2,528	2,487	27,584
		8		8
	1		365	9,959
615	1,250	14,485	1,648	27,578
				565
2,145	4,486	32,894	871	48,626
2,760	5,737	47,387	2,884	86,736
(2,709)	(1,380)	(44,859)	(397)	(59,152)
2,709	1,510	47,810		52,795
			(766)	(1,678)
				1,563
2,709	1,510	47,810	(766)	52,680
	130	2,951	(1,163)	(6,472)
	12,752	(4,884)	5,079	32,802
	12,882	(1,933)	3,916	26,330

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
Revenues:			
Taxes	$ 554	5	
Use of money and property			17,108
Intergovernmental	7		
Other revenue			487
Total revenues	561	5	17,595
Expenditures:			
Current:			
General government			
Public assistance	2		9,591
Debt service:			
Principal	510	5	9,065
Bond issuance cost			565
Interest	13		8,217
Total expenditures	525	5	27,438
Excess (deficiency) of revenues over (under) expenditures	36		(9,843)
Other Financing Sources (Uses):			
Transfers in			766
Transfers out			(912)
Issuance of debt			1,563
Total other financing sources (uses)			1,417
Net change in fund balances	36		(8,426)
Fund Balances at Beginning of Year	20	1	19,834
Fund Balances at End of Year	$ 56	1	11,408

Retirement Litigation Settlement	Redevelopment Agency	Pension Bond	Assessment Districts	Total
2,530	2,908		2,490	8,346
	110	3,909	3	4,030
230				230
	9,961	9,276	1,752	32,795
2,760	12,979	13,185	4,245	45,401
2,760			329	3,089
		15,118		15,885
	97			97
2,760	97	15,118	329	19,071
	12,882		3,916	25,074
				3,189
		(1,933)		(1,933)
	12,882	(1,933)	3,916	26,330
2,760	12,979	13,185	4,245	45,401

COUNTY OF CONTRA COSTA

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

JUNE 30, 2005

(In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
Assets:			
Cash and investments	$ 48	1	369
Accounts receivable and accrued revenue	8		
Due from other funds			
Restricted cash and investments			11,806
Total assets	$ 56	1	12,175
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$		
Due to other funds			767
Advance from other funds			
Total liabilities			767
Fund Balances:			
Reserved for:			
Debt service	56	1	8,219
Unreserved, designated for:			
Future projects			3,189
Unreserved, undesignated			
Total fund balances	56	1	11,408
Total liabilities and fund balances	$ 56	1	12,175

DEBT SERVICE FUNDS

Debt service funds are used to account for accumulation of resources for, and payment of, principal and interest on the county's general long-term debt.

RECREATION AND PARK BONDS FUND

This fund is used to account for accumulated monies for payment of recreation and park bonds. Financing is provided by specific property tax levies.

STORM DRAINAGE BONDS FUND

This fund is used to account for accumulated monies for payment of storm drainage bonds. Financing is provided by specific property tax levies.

PUBLIC FINANCING AUTHORITY (PFA) FUND

This fund is used to account for accumulated monies for payment of general long-term debt incurred for the various financing activities of the County of Contra Costa Public Financing Authority.

RETIREMENT LITIGATION SETTLEMENT FUND

This fund is used to account for accumulated monies for payment of the additional retirement benefits for retirees from the settlement of Vernon D. Paulson, et. al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al. The county has entered into an agreement with CCCERA to pay the liability for its share of the additional costs over a twenty year period.

REDEVELOPMENT AGENCY (RDA) FUND

This fund is used to account for accumulated monies for payment of general long-term debt incurred for the purchase of real property within the area of the Redevelopment Agency.

PENSION BOND FUND

This fund is used to account for accumulated monies for payment of taxable pension obligation bonds. These bonds were issued to reduce or extinguish the county's unfunded actuarial accrued liability (UAAL).

ASSESSMENT DISTRICTS FUND

This fund is used to account for the accumulation of monies for payment of assessment district debt issued to fund assessment district capital improvement projects.

STATISTICAL SECTION

COUNTY OF CONTRA COSTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

GOVERNMENTAL ACTIVITIES

LAST THREE FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health and Sanitation	Public Assistance	Education	Public Ways and Facilities	Recreation and Culture	Interest on Debt	Total
2003	$ 91,367	403,297	209,772	372,499	18,822	58,886	875	33,029	$ 1,188,547
2004	103,796	421,780	220,135	391,906	20,217	56,983	1,294	48,072	1,264,183
2005	129,016	441,068	201,567	391,620	21,321	63,648	1,421	48,855	1,298,516

COUNTY OF CONTRA COSTA

GOVERNMENT-WIDE REVENUES

GOVERNMENTAL ACTIVITIES

LAST THREE FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Program Revenues			General Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants/ Contributions Not Restricted	Investment Earnings	Other	Total
2003	$ 277,375	538,684	12,332	256,920	83,035	18,347	36,140	$ 1,222,833
2004	307,580	540,138	6,124	276,712	69,341	13,336	38,815	1,252,046
2005	292,651	584,347	5,629	293,068	107,861	31,608	29,587	1,344,751

COUNTY OF CONTRA COSTA

GENERAL COUNTY REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Franchise Fees	Fines, Forfeitures and Penalties	Use of Money and Property	Inter-governmental	Charges for Services	Other	Total
1996	$ 179,431	14,569	20,477	33,903	470,211	130,087	21,360	$ 870,038
1997	184,805	14,265	17,343	35,457	469,257	127,208	25,585	873,920
1998	179,331	14,194	16,249	42,168	471,208	130,468	19,844	873,462
1999	192,915	16,221	17,088	40,649	502,908	145,210	27,283	942,274
2000	204,383	20,395	19,000	37,956	564,289	169,240	35,020	1,050,283
2001	296,644	25,749	18,296	43,632	490,842	188,545	27,166	1,090,874
2002	322,635	35,277	18,525	23,764	545,724	196,588	94,280	1,236,793
2003	343,321	37,748	18,233	16,154	547,651	219,894	125,090	1,308,091
2004	349,387	38,600	31,701	11,942	542,929	237,274	127,341	1,339,174
2005	403,373	31,862	21,095	29,968	587,529	239,694	103,704	1,417,225

NOTE: Includes all governmental fund types.

COUNTY OF CONTRA COSTA
GENERAL COUNTY EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health & Sanitation	Public Assistance	Education	Public Ways & Facilities	Debt Service & Other	Total
1996	$ 84,137	257,933	138,243	286,457	12,878	39,536	72,515	$ 891,699
1997	79,195	272,415	148,004	272,163	11,439	32,566	65,904	881,686
1998	85,786	266,707	161,532	268,633	11,774	33,071	76,088	903,591
1999	108,963	287,538	170,806	289,570	12,828	45,855	72,385	987,945
2000	101,772	307,260	181,998	302,690	14,216	50,508	84,363	1,042,807
2001	106,380	325,821	191,183	294,317	14,589	54,611	79,084	1,065,985
2002	130,351	378,011	218,376	337,673	16,367	88,830	95,164	1,264,772
2003	135,197	426,662	247,899	383,360	18,414	79,119	89,244	1,379,895
2004	134,610	438,940	215,724	400,873	19,548	82,736	83,176	1,375,607
2005	131,069	456,489	208,160	395,337	21,231	96,895	85,381	1,394,562

NOTE: Includes all governmental fund types. Health and Sanitation includes transfer to the County Hospital and HMO Enterprise Funds $49,135,000 for fiscal year 2004-2005.

COUNTY OF CONTRA COSTA

GENERAL COUNTY REVENUES BY SOURCE - CONSTANT DOLLARS [1][2]

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Franchise Fees	Fines, Forfeitures and Penalties	Use of Money and Property	Inter-governmental	Charges For Services	Other	Total
1996	$ 117,301	9,524	13,387	22,164	307,394	85,043	13,964	$ 568,777
1997	117,287	9,053	11,007	22,503	297,815	80,733	16,238	554,636
1998	110,087	8,713	9,975	25,886	289,262	80,091	12,182	536,196
1999	114,083	9,593	10,105	24,038	297,403	85,872	16,134	557,228
2000	115,962	11,572	10,780	21,535	320,164	96,023	19,870	595,906
2001	159,332	13,830	9,827	23,435	263,638	101,270	14,591	585,923
2002	173,292	18,948	9,950	12,764	293,116	105,590	50,639	664,299
2003	175,720	19,320	9,332	8,268	280,300	112,547	64,024	669,511
2004	177,160	19,572	16,074	6,055	275,297	120,312	64,569	679,039
2005	201,083	15,883	10,516	14,939	292,886	119,489	51,697	706,493

NOTES: (1) Includes all governmental fund types.

(2) The amounts have been adjusted using the average Consumer Price Index-Urban for each year with a base point of December 1983 equal to 100.

COUNTY OF CONTRA COSTA

GENERAL COUNTY EXPENDITURES BY FUNCTION - CONSTANT DOLLARS [1] [2]

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health & Sanitation	Public Assistance	Education	Public Ways & Facilities	Debt Service & Other	Total
1996	$ 55,003	168,620	90,375	187,268	8,419	25,846	47,406	$ 582,937
1997	50,261	172,889	93,931	172,729	7,260	20,668	41,826	559,564
1998	52,662	163,724	99,160	164,907	7,228	20,301	46,708	554,690
1999	64,437	170,040	101,009	171,242	7,586	27,117	42,806	584,237
2000	57,743	174,332	103,261	171,739	8,066	28,657	47,866	591,664
2001	57,138	175,003	102,687	158,082	7,836	29,332	42,477	572,555
2002	70,013	203,035	113,856	181,369	8,791	47,712	51,114	675,890
2003	69,197	218,375	128,060	196,213	9,425	40,495	45,677	707,442
2004	68,255	222,568	130,839	203,266	9,912	41,952	42,175	718,967
2005	65,515	228,176	104,049	197,609	10,612	48,433	42,678	697,071

NOTES: (1) Includes all governmental fund types. Health and Sanitation includes transfer to the County Hospital and HMO Enterprise Funds in constant dollars ($24,560,000 for fiscal year 2004-2005).

(2) The amounts have been adjusted using the average Consumer Price Index-Urban for each year with a base point of December 1983 equal to 100.

COUNTY OF CONTRA COSTA

ASSESSED VALUE OF TAXABLE PROPERTY [1]

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Assessed Value					Net Increase	
	Real Property	Personal Property	Total	Exemptions	Assessed Value of Taxable Property	Amount	Percentage
1996	$ 65,949,619	$ 2,417,931	$ 68,367,550	$ 1,221,088	$ 67,146,462	$ 1,852,097	2.84 %
1997	67,846,683	2,657,824	70,504,507	1,262,407	69,242,100	2,095,638	3.12
1998	69,194,267	2,513,679	71,707,946	1,393,145	70,314,801	1,072,701	1.55
1999	72,525,051	2,728,990	75,254,041	1,554,486	73,699,555	3,384,754	4.81
2000	77,475,617	2,495,049	79,970,666	1,624,132	78,346,534	4,646,979	6.31
2001	83,329,641	2,936,004	86,265,645	1,637,667	84,627,978	6,281,444	8.02
2002	92,091,316	3,350,098	95,441,414	1,951,214	93,490,200	8,862,222	10.47
2003	99,461,281	3,570,777	103,032,058	2,106,357	100,925,701	7,435,501	7.95
2004	108,071,968	3,190,706	111,262,674	2,190,126	109,072,548	8,146,847	8.07
2005	117,931,015	3,167,502	121,098,517	2,322,240	118,776,277	9,703,729	8.90

NOTE: (1) Assesed values are those defined under California Revenue and Taxation Code Sections: 601 and 721 et. seq.

(2) Article XIIIA, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased: a) to reflect annual inflation up to 2 percent; b) to reflect current market value at time of ownership change; and c) to reflect market value for new construction.

COUNTY OF CONTRA COSTA
GENERAL TAXES LEVIED AND COLLECTED
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Taxes Levied [1]	General Taxes Collected [2]
1996	$ 671,464,620	$ 671,464,620
1997	692,421,000	692,421,000
1998	703,148,010	703,148,010
1999	736,995,550	736,995,550
2000	783,465,340	783,465,340
2001	846,279,780	846,279,780
2002	934,902,000	934,902,000
2003	1,009,257,010	1,009,257,010
2004	1,090,725,480	1,090,725,480
2005	1,187,762,770	1,187,762,770

NOTES:

(1) General taxes are calculated at 1 percent of total assessed value less local exemptions.

(2) General taxes collected are the same as the amounts levied, because the county follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the county and other taxing agencies regardless of whether they are collected in the current year or not. A Tax Losses Reserve Agency Fund insures losses resulting when a property is sold for taxes, and the proceeds are insufficient to pay the outstanding amounts due.

COUNTY OF CONTRA COSTA
SPECIAL ASSESSMENTS LEVIED AND COLLECTED
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	Special Assessments Levied [1]	Special Assessments Collected [2]
1996	$ 3,694	$ 3,694
1997	3,232	3,232
1998	2,946	2,946
1999	3,155	3,155
2000	3,028	3,028
2001	3,031	3,031
2002	2,601	2,601
2003	3,147	3,147
2004	3,143	3,143
2005	2,000	2,000

NOTES:

(1) Special assessments are amounts levied to pay special assessment debt with government commitment.

(2) Special assessments collected are the same as the amounts levied, because the county follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the county and other taxing agencies regardless of whether they are collected in the current year or not. A Tax Losses Reserve Agency Fund insures losses resulting when a property is sold for taxes, and the proceeds are insufficient to pay the outstanding amounts due.

COUNTY OF CONTRA COSTA
PROPERTY TAX RATES [1]
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	County-wide Rate	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total
1996	1.0000	.0010	.0068	.0338	.0223	.0153	1.0792
1997	1.0000	.0010	.0064	.0309	.0263	.0148	1.0794
1998	1.0000	.0009	.0063	.0304	.0297	.0142	1.0815
1999	1.0000	.0008	.0061	.0262	.0342	.0139	1.0812
2000	1.0000	.0006	.0055	.0091	.0334	.0135	1.0621
2001	1.0000	.0006	.0047	.0067	.0318	.0131	1.0569
2002	1.0000	.0005	.0044	.0074	.0357	.0133	1.0613
2003	1.0000	.0005	.0042	.0067	.0360	.0130	1.0604
2004	1.0000	.0005	.0029	.0064	.0549	.0134	1.1207
2005	1.0000	.0004	(.0002)	.0059	.0572	.0572	1.0761

NOTES: (1) In June 1978, California voters approved Proposition 13 which restricted the taxing power of local government agencies. Individual agencies do not establish their own property tax rates, except for voter approved indebtedness. Instead, a countywide rate is levied with the proceeds distributed to all agencies according to formulas specified by the state legislature. The countywide rate is 1 percent of full cash value ($1 per $100 of taxable assessed valuation). The rates shown above are percentages of assessed valuation.

(2) The 2005 rate for Local Special Districts includes a negative rate computed for the Los Medanos Community Healthcare District to affect a refund to the taxpayers of $850,000. The District's taxpayers had paid a special property tax for many years to fund the bond payments for healthcare facilities. Because of positive District finances, the District's Board determined the best use of any remaining bond funds (after covering all of the District's bond-related expenses) was to return the balance to taxpayers.

COUNTY OF CONTRA COSTA
PROPERTY TAXES
DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	County	County Special Districts	Local Special Districts	Schools	Cities	Redevelopment Agency	Totals
1996	$ 100,025	78,752	157,323	374,506	136,030	59,137	$ 905,773
1997	102,991	81,617	157,386	383,348	137,713	61,122	924,177
1998	103,519	84,097	169,578	390,822	134,065	62,598	944,679
1999	109,632	79,057	178,329	416,242	139,426	65,433	988,119
2000	115,829	81,995	176,174	444,126	144,964	71,203	1,034,291
2001	123,479	90,555	188,040	479,738	154,298	78,553	1,114,663
2002	134,411	98,966	213,930	535,689	168,551	93,530	1,245,076
2003	145,707	106,385	235,679	588,391	175,365	105,119	1,356,646
2004	154,905	115,656	251,066	645,962	190,302	119,724	1,477,615
2005	163,180	124,411	260,912	619,586	270,805	132,955	1,571,849

NOTES:

(1) This schedule shows the property tax levies by major group of taxing agencies.

(2) The 2005 taxes reported for Local Special Districts is net of an $850,000 refund to the taxpayers of the Los Medanos Community Healthcare District. The District's taxpayers had paid a special property tax for many years to fund the bond payments for healthcare facilities. Because of positive District finances, the District's Board determined the best use of any remaining bond funds (after covering all of the District's bond-related expenses) was to return the balance to taxpayers.

(3) The 2005 taxes reported for the county does not include the property tax in lieu of Vehicle License Fee, nor the sales tax transfer.

COUNTY OF CONTRA COSTA
PROPERTY TAX LEVIES AND DELINQUENCIES
LAST TEN FISCAL YEARS
(Dollar Amounts Are In Thousands)

Fiscal Year Ended June 30	Total Current Year Tax Levy	Portion of Current Levy Delinquent at June 30	Percentage of Current Levy Delinquent at June 30	Total Delinquent Taxes at June 30 for all Years	Tax Losses Reserve Fund at June 30	Reserve as a Percentage of Delinquent Taxes
1996	$ 854,520	$ 18,296	2.14 %	$ 41,993	$ 18,671	44.46 %
1997	869,581	18,057	2.08	42,022	17,155	40.82
1998	892,581	15,548	1.74	37,200	19,509	52.44
1999	939,437	15,375	1.64	32,858	21,322	64.89
2000	981,580	15,904	1.62	31,563	22,827	72.32
2001	1,062,831	16,728	1.57	31,050	24,248	78.09
2002	1,187,173	20,552	1.73	33,942	27,032	79.64
2003	1,293,561	25,574	1.98	34,508	30,347	87.94
2004	1,402,895	27,325	1.95	40,071	20,168	50.33
2005	1,584,132	26,599	1.68	37,822	23,134	61.17

COUNTY OF CONTRA COSTA

RATIO OF NET GENERAL BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA [1]

LAST TEN FISCAL YEARS

(Dollar Amounts Are In Thousands)

Fiscal Year Ended June 30	Population	Assessed Value of Taxable Property	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita[2]
1996	870,724	$ 67,146,462	$ 366,517	$ 2,371	$ 364,146	0.542	$ 418.21
1997	879,206	69,242,100	360,830	2,513	358,317	0.517	407.55
1998	900,688	70,314,801	352,965	2,766	350,199	0.498	388.81
1999	916,403	73,699,555	317,695	2,711	314,984	0.427	343.72
2000	930,025	78,346,534	304,635	3,857	300,778	0.384	323.41
2001	972,103	84,627,978	299,270	10,656	288,614	0.341	296.90
2002	981,555	93,490,200	282,905	7,875	275,030	0.294	280.20
2003	994,908	100,925,701	588,230	19,340	568,890	0.564	571.80
2004	1,003,909	109,072,548	569,735	2,604	567,131	0.520	564.92
2005	1,020,898	118,776,277	554,735	3,966	550,769	0.464	548.62

NOTES: (1) Does not include Public Financing Authority debt, Public Facilites Corporation debt, Retirement Litigation Settlement, Redevelopment Agency debt nor Assessment District debt with government commitment.

(2) Not in thousands.

COUNTY OF CONTRA COSTA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Fiscal Year Ended June 30	New Dwelling Units [1]		Construction Valuation		Bank Deposits [2]
	Single Family	Multiple Family	Residential	Non-Residential	
1996	3,080	450	$ 584,108	$ 170,069	$ 14,194,988
1997	3,105	381	582,793	173,055	15,210,082
1998	3,144	999	738,939	180,794	15,500,256
1999	3,909	504	852,256	235,905	17,746,965
2000	3,692	1,071	841,990	234,752	19,744,740
2001	4,451	1,061	984,236	403,641	19,042,604
2002	3,848	800	952,507	328,854	16,267,338
2003	4,753	972	1,275,245	340,959	17,556,360
2004	5,063	820	1,444,739	332,879	20,949,947
2005	4,848	646	1,349,900	324,640	23,538,000

Source: (1) Economic Sciences Corp: 1996-2000, US Census Bureau 2001-2005.

(2) "All Institution Deposits", Federal Deposit Insurance Corporation.

Assessed Value of Taxable Property

Residential	Commercial	Industrial	Land	Total
$ 45,312,035	$ 7,448,151	$ 13,281,211	$ 1,105,065	$ 67,146,462
46,568,404	8,805,645	12,775,064	1,092,987	69,242,100
47,836,713	9,456,047	11,924,385	1,097,656	70,314,801
50,500,004	9,865,342	12,187,476	1,146,733	73,699,555
54,411,668	10,568,947	12,034,028	1,331,891	78,346,534
59,629,822	11,590,814	11,955,053	1,452,289	84,627,978
65,655,065	12,667,758	13,503,954	1,663,423	93,490,200
71,818,729	13,513,951	13,645,155	1,947,866	100,925,701
79,622,960	13,950,379	13,743,141	1,756,068	109,072,548
88,013,221	14,680,748	14,265,031	1,817,277	118,776,277

COUNTY OF CONTRA COSTA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES [2]

LAST TEN FISCAL YEARS

(Dollar Amounts Are in Thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total General Expenditures [1]	Ratio Of Debt Service To Total General Expenditures
1996	$ 4,000	$ 22,435	$ 26,435	$ 891,699	.0296
1997	5,703	22,242	27,945	881,686	.0317
1998	7,475	21,952	29,427	903,591	.0326
1999	9,370	21,539	30,909	987,945	.0313
2000	11,325	20,952	32,277	1,042,807	.0310
2001	15,730	18,330	34,060	1,065,985	.0320
2002	16,365	19,439	35,804	1,264,772	.0283
2003	17,385	18,414	35,799	1,379,895	.0259
2004	18,495	35,501	53,996	1,417,900	.0381
2005	15,000	32,907	47,907	1,394,562	.0344

NOTES: (1) Includes all governmental fund types. Includes transfers to the County Hospital Enterprise and Health Maintenance Organization (HMO) Enterprise Funds ($49,135,000 for fiscal year 2004-2005).

(2) Does not include Public Financing Authority, Public Facilities Corporation, Retirement Litigation Settlement, Redevelopment Agency nor Assessment District debt.

COUNTY OF CONTRA COSTA
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED JUNE 30, 2005
(In Thousands)

Assessed Value of Taxable Property	$	118,776,277
Debt Limit Five Percent of Assessed Value [1]	$	5,938,814
Amount of Debt Applicable to Debt Limit [2]		
Total Bonded Debt		637,780
Less: Assets in Debt Service Funds		28,981
Total Amount of Debt Applicable to Debt Limit		608,799
Legal Debt Margin	$	5,330,015

NOTES:

(1) California Government Code Section 29909 limits General Obligation Bond indebtedness to five percent of the total assessed valuation of all taxable real and personal property within the county.

(2) Does not include Public Financing Authority nor Assessment District debt.

COUNTY OF CONTRA COSTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

(Dollar Amounts Are in Thousands)

	Debt Applicable July 1, 2005 [1]	
	Percentage	Amount
DIRECT GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	100	$ 315,590
Contra Costa County Pension Obligations	100	554,735
TOTAL DIRECT DEBT		870,325
OVERLAPPING DEBT:		
Contra Costa County Board of Education Cert. of Participation	100	1,695
Alameda-Contra Costa Transit District Cert. of Participation	11.244	2,331
East Bay Municipal Water District and Special District No. 1	50.111 - 6.227	3,924
Acalanes and Liberty Union High School Districts	100	188,069
Martinez Unified School District	100	35,057
Pittsburg Unified School District	100	43,725
Lafayette School District	100	26,075
Bay Area Rapid Transit District	31.009	31,009
San Ramon Valley Unified School District	100	125,583
Other School Districts' Overlapping Tax and Assessment Debt	.243-100	56,454
Antioch Unified School District Certificates of Participation	100	16,503
Other School Districts' General Fund Obligations	.243-100	39,350
Cities' Overlapping Tax and Assessment Debt	100	20,325
City of Concord General Fund and Judgment Obligations	100	37,735
City of Richmond General Fund Obligations	100	44,670
City of Richmond Pension Obligations	100	26,225
City of Antioch General Fund Obligations	100	30,562
City of San Ramon General Fund Obligations	100	20,480
Other Cities' General Fund Obligations	100	49,412
East Bay Regional Park District	45.791	66,598
Other Special Districts' Cert. of Participation	100	11,655
West Contra Costa Healthcare District Parcel Tax Obligation	100	26,000
Community Facilities Districts	100	288,070
1915 Act Assessment Bonds (Estimate)	100	436,178
West Contra Costa Unified School District	100	380,634
Mt. Diablo Unified School District	100	171,500
Contra Costa Community College District	100	91,600
Brentwood Union School District	100	51,293
Walnut Creek School District	100	30,545
TOTAL OVERLAPPING DEBT		2,353,257

(continued)

COUNTY OF CONTRA COSTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

(Dollar Amounts Are in Thousands)

TOTAL GROSS DIRECT AND OVERLAPPING DEBT		3,223,582
Less: East Bay Municipal Utility District (100% Self-Supporting)		1,528
TOTAL NET DIRECT AND OVERLAPPING DEBT		$ 3,222,054
2004 - 2005 Assessed Value of Taxable Property	$ 118,776,277	
Less: Redevelopment Increments	12,875,418	
Adjusted Assessed Valuation	$ 105,900,859	
Population	1,020,898	

	Ratio to Full Cash Value (%)	Per Capita[2]
Direct Debt (Includes County Lease Revenue Obligations)	0.82	$ 853
Total Gross Direct and Overlapping Debt	3.04	3,158
Total Net Direct and Overlapping Debt	3.04	3,156

Source: (1) California Municipal Statistics, Inc. Excludes tax and revenue anticipation notes, revenue, mortgage, revenue and tax allocation bonds and non-bonded capital lease obligations.

(2) Not in thousands.

(concluded)

COUNTY OF CONTRA COSTA
TEN PRINCIPAL TAXPAYERS
YEAR ENDED JUNE 30, 2005
(Dollar Amounts Are in Thousands)

Taxpayer	Type of Business	2004 - 2005 Secured Assessed Valuation	Percent Of Total Secured Assessed Valuation
Chevron USA	Petroleum refining	$ 4,961,278	4.21 %
Equilon Petroleum	Petroleum refining	3,236,707	2.74
Tesoro Enterprise	Petroleum refining	1,748,482	1.48
Tosco Corporation	Petroleum refining	1,435,543	1.22
Pacific Gas & Electric	Utility	918,598	0.78
SBC Communications, Inc.	Utility	544,980	0.46
Sunset Land Company	Property management	535,012	0.45
USS Posco	Steel	482,332	0.41
First Walnut Creek Mutual	Housing	441,835	0.37
EQR Watson	Property management	355,413	0.30
		$ 14,660,180	12.43 %

Note: Beginning in fiscal year 2003-2004 a refined methodology is used to determine the principal taxpayers. The assessed value of the property of all of a listed taxpayer's component entities are included. Also, ranking is based on assessed valuation which may be different from taxes paid due to special purpose levies paid by some taxpayers.

COUNTY OF CONTRA COSTA
DEMOGRAPHICS - POPULATION

Jurisdiction	Date of Incor - poration	1960	1970	Special Census 1975	1980	1990	2000	2005
Antioch	2/2/1872	17,305	28,060	33,215	43,559	61,379	84,485	101,049
Brentwood	1/1/1948	2,186	2,649	3,662	4,434	7,515	23,090	40,912
Clayton	3/18/1964		1,385	1,790	4,325	7,219	11,373	10,982
Concord	2/2/1905	36,208	85,164	94,673	103,251	110,640	114,932	124,798
Danville	7/1/1982					28,675	40,484	43,273
El Cerrito	8/20/1917	25,437	25,190	22,950	22,731	22,684	23,874	23,407
Hercules	12/15/1900	310	252	121	5,963	16,554	19,552	23,360
Lafayette	7/22/1968		20,484	19,628	20,879	24,482	24,360	24,317
Martinez	4/1/1876	9,604	16,506	18,702	22,582	33,510	37,034	36,818
Moraga	11/13/1974			14,418	15,014	14,780	17,006	16,435
Oakley	7/1/1999							28,265
Orinda	7/1/1985					16,704	17,436	17,797
Pinole	6/25/1903	6,064	13,266	15,337	14,253	17,147	18,657	19,604
Pittsburg	6/22/1903	19,062	20,651	24,347	33,034	47,190	54,383	62,605
Pleasant Hill	11/14/1961		24,610	25,398	25,124	31,115	33,169	33,638
Richmond	8/7/1905	71,584	79,043	70,126	74,676	83,718	94,369	103,012
San Pablo	4/26/1948	19,687	21,461	19,392	19,750	24,709	26,827	31,344
San Ramon	7/1/1983					34,170	45,704	51,027
Walnut Creek	10/19/1914	9,903	39,844	46,034	53,643	60,542	64,710	66,501
Total Incorporated		217,350	378,565	409,793	463,218	642,733	751,445	859,144
Unincorporated		191,680	177,240	173,036	194,034	154,548	178,580	161,754
TOTAL COUNTY		409,030	555,805	582,829	657,252	797,281	930,025	1,020,898

Source: 1960-2000 U.S. Census; 2001-2005 California Department of Finance.

COUNTY OF CONTRA COSTA
MISCELLANEOUS STATISTICS

GEOGRAPHICAL LOCATION: Contra Costa County is located near San Francisco in the Bay Area. It is bordered by San Francisco Bay and San Pablo Bay on the west, by Suisun Bay and the Sacramento and San Joaquin Rivers on the north, by the delta country of San Joaquin County on the east and by Alameda County on the south.

ALTITUDE: Sea level to 3,849 feet

AREA OF COUNTY: 732.6 square miles of land and 73.3 square miles of water.

COUNTY SEAT: Martinez, California

FORM OF GOVERNMENT: General Law County, governed by a five member Board of Supervisors. Contra Costa County is one of the original 27 counties established when California became a state in 1850.

	NOVEMBER 2, 2004 GENERAL ELECTION
REGISTERED VOTERS	504,505
NUMBER VOTING	418,335
PERCENT VOTING	82.9%

ROADS: 661.2 miles of county maintained streets and roads in the unincorporated areas.

COUNTY EMPLOYEES AT JUNE 30

YEAR	NUMBER OF EMPLOYEES*	PERCENT OF INCREASE (DECREASE)	NUMBER OF EMPLOYEES PER THOUSAND OF POPULATION
2000	8,325	7.4	9.0
2001	8,640	3.8	8.9
2002	8,779	1.6	8.9
2003	8,785	0.1	8.8
2004	8,670	(1.3)	8.6
2005	8,381	(3.3)	8.2

*Full-time equivalents, authorized and funded. Does not include employees of the courts or independent fire districts. Source: County Administrator's Office.

CONTRA COSTA COUNTY
Print and Mail Division
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